

**NAA: A1838, 250/10/7/16 PART 1**

**Series number:** A1838

**Control symbol:** 250/10/7/16 PART 1

**Barcode:** 1702189

**Number of pages:** 268

**Title:** USA - Relations with Singapore

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Australian Government



NATIONAL  
ARCHIVES  
OF AUSTRALIA

**STATEMENT OF REASONS UNDER SECTION 40(5) OF THE ARCHIVES  
ACT 1983- INCLUDING DECISION ON ACCESS**

Record Series:	A1838
Control symbol:	250/10/7/16 Part 1
Title:	USA – Relations with Singapore
Total number of folios (i.e. equivalent separate pages) on the record	269

**1. Decision**

After examining this record I have decided to open it for public access except for certain material which is identified below.

**2. Basis for decision**

I have taken into account:

- the content of the record requested,
- the relevant provisions of the *Archives Act 1983 (the Act)*,
- policy and guidelines of National Archives of Australia that relate to the access examination of Commonwealth records, and
- information provided by the Department of Foreign Affairs and Trade which I have relied upon in formulating my decision

**3. Material withheld**

Where a folio has been withheld pending agency advice, a supplementary statement of decision will be provided once a National Archives decision on access to that material has been finalised.

Category of material withheld	Total number	Relevant folio numbers
Partially exempted folios (certain parts of the text have been expunged)	4	7, 10, 117, 201
Wholly exempted folios	1	195
Folios not within the open access period as defined in s3 (7) of the Act	8	262-269
Folios withheld pending agency examination and advice		

Statement of Reasons page no. 1 of 3



#### 4. Findings of fact and reasons for decision

##### A. Findings of fact

In Table A in Annexure 1, I have provided a summary of my findings of fact where I have invoked specific provisions under s 33 of the Act. By invoking these provisions, I have relied on material listed in part 2 above in order to arrive at my decision.

##### B. Reasons for decision

In Table A in Annexure 1, I have provided the reasons for my decision for each folio exempted and those reasons are derived from the findings of fact.

#### 5. Appeal rights

National Archives undertakes careful examination of a record before making a decision to exempt any part of a record. As part of that process we may consult with other agencies which have expertise on specific national and international matters.

If you do not agree with my decision to exempt information under a provision of s 33 of the Act, you can contact a reference officer in National Archives and seek a further explanation.

If you are still not happy with the decision and within 28 days of receiving it, you can formally appeal by:

- 1) first applying to Archives for an internal reconsideration of my decision; and
- 2) if you still do not agree with the decision, you can apply to the Administrative Appeals Tribunal for a review.

For more information please read the **National Archives Fact Sheet 12- What to do if we refuse you access**. You can also lodge a complaint with the Commonwealth Ombudsman in relation to the decision.

Decision maker      Gay Hogan

Designation          APS6

Date                    26 July 2012

## Annexure 1

**Table A: Material exempted by folio number and grouped by the application of exemption provisions**

Relevant legislative provision invoked under s33 of the <i>Archives Act 1983</i>	Folios	Finding of facts	Reasons for Decision
S 33(1) (a) - information or matter the disclosure of which under this Act could reasonably be expected to cause damage to the security, defence or international relations of the Commonwealth.	7, 10, 117, 195, 201	<p>These records contain one or more of the following references:</p> <ol style="list-style-type: none"> <li>1. Details which could impact on the Commonwealth's relations with the current government of a foreign country.</li> <li>2. The identity of an overseas intelligence agency and/or agent. The country concerned has requested that the Australian government not disclose the identity of the agency and/or agent in this context.</li> </ol>	<ol style="list-style-type: none"> <li>1. International relations are dependent upon the adequate flow of information between on country and another. If disclosure would lessen the confidence of another country in the government of Australia then it could reasonably be expected to damage the international relations of the Commonwealth.</li> <li>2. Disclosure of the information could result in a loss of confidence by a foreign government resulting in the restriction of the supply of intelligence, and in both cases damage the security and defence of the Commonwealth.</li> </ol>

Statement of reasons page no. 3 of 3



Department of Foreign Affairs

RE8.

File Number 250/10/7/16

Part Number 1

**FILE  
CLOSED**

This part opened on 24/6/76

This part closed on 8/6/84

Subsequent correspondence on Part/~~File~~ Number 2

CONFIDENTIAL

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261

INFO: AM  
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INWARD CABLEGRAM

O.SI64144 NSLE  
TOR 17.30 06.09.83

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TO.  
PP CANBERRA/6943

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PP MOSCOW/166 WASHINGTON/650 KUALA LUMPUR/6653  
PP BANGKOK/2772

FM. SINGAPORE /

C O N F I D E N T I A L

KAL FLIGHT 7 : SINGAPORE/USSR RELATIONS

FROM FILE 1256/1

THE STRAITS TIMES OF 6 SEPTEMBER REPORTED THAT THAILAND, MALAYSIA AND SINGAPORE HAD ASKED THE SOVIET UNION TO POSTPONE INDEFINITELY A PLANNED VISIT TO THE THREE COUNTRIES BY A SOVIET FOREIGN MINISTRY DELEGATION HEADED BY ZIAT SIV, HEAD OF SOUTHEAST ASIAN AFFAIRS DIVISION, MFA. THE VISIT WAS SCHEDULED TO TAKE PLACE THIS WEEK.

2. SINGAPORE MFA (SOVIET DESK OFFICER) HAS CONFIRMED THE ABOVE REPORT. THE VISIT WAS TO HAVE BEEN PART OF THE NORMAL PRE-UNGA CONSULTATION BETWEEN THE SOVIETS AND THE THREE ASEAN COUNTRIES, TO DISCUSS THE SOVIET APPROACH IN THE UN TO SUCH TOPICS AS DISARMAMENT AND ARMS LIMITATION. THE PERMANENT SECRETARY OF THE MFA CALLED IN THE SOVIET AMBASSADOR ON 6 SEPTEMBER AND ADVISED HIM THAT SINGAPORE REGARDED IT AS INOPPORTUNE TO DISCUSS THESE MATTERS IN THE LIGHT OF THE SHOOTING DOWN OF THE KAL FLIGHT. THE SOVIET AMBASSADOR EXPRESSED HIS REGRET AT THE DECISION, AND ACCUSED SINGAPORE OF ONLY LISTENING TO THE UNITED STATES VERSION OF THE INCIDENT. HE SAID THAT THE STATEMENT ISSUED BY FOREIGN MINISTER DHANABALAN WAS REMARKABLY SIMILAR TO UNITED STATES STATEMENTS, AND URGED THE SINGAPORE GOVERNMENT TO READ THE TASS STATEMENT OF 3 SEPTEMBER. THE PERMANENT SECRETARY HAD REPLIED THAT SINGAPORE COULD NOT ACCEPT THE TASS STATEMENT, WHICH HE DESCRIBED AS QUOTE INCREDIBLE UNQUOTE.

ACTION: FOREIGN AFFAIRS  
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PRIME MINISTER  
DEP DEFENCE  
JIO

FOREIGN MINISTER  
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FAS(EPPD)	EX	DPR	ISPP	FAS(IRSAM)
IO	FAS(ECO)	EO	FAS(LC)	CP
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BELGRADE BERLIN BONN BRUSSELS GENEVA HANOI JAKARTA LONDON  
MANILA PEKING PORT MORESBY RANGOON ROME STOCKHOLM TOKYO  
VIENNA VIENTIANE WARSAW

DEPARTMENT OF FOREIGN AFFAIRS  
DIPLOMATIC COMMUNICATIONS NETWORK

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PP CANBERRA/6874

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PP HONG KONG/979 PEKING/380 HANOI/497  
PP WASHINGTON/648 KUALA LUMPUR/6636 JAKARTA/5345  
PP TOKYO/470 MANILA/2837 BANGKOK/3764

FM. SINGAPORE /

C O N F I D E N T I A L

UNITED STATES/SINGAPORE RELATIONS : VISIT BY SOLARZ

FROM FILE 1254/1

SUMMARY: SINGAPORE LEADERS EXPRESSED THEIR CONCERN AT EVENTS IN THE PHILIPPINES TO VISITING UNITED STATES CONGRESSMAN SOLARZ, AND DISCUSSED THE DIFFICULTIES WHICH COULD ARISE IN SECURING CONGRESSIONAL APPROVAL OF THE MILITARY BASES PACKAGE. SOLARZ EXPRESSED UNITED STATES SUPPORT FOR ASEAN ON CAMBODIA. THE AUSTRALIAN ROLE WAS NOT DISCUSSED. ALSO INCLUDED UNITED STATES RELATIONS WITH CHINA, TAIWAN, JAPAN'S DEFENCE ROLE, AND THE FUTURE OF HONG KONG.  
(CONFIDENTIAL)

UNITED STATES CONGRESSMAN STEVEN SOLARZ, CHAIRMAN OF THE SUB-COMMITTEE ON ASIAN AND PACIFIC AFFAIRS, VISITED SINGAPORE ON 22-23 AUGUST. HE HELD DISCUSSIONS WITH THE PRIME MINISTER, AND FOREIGN MINISTER DHANABALAN. WE DISCUSSED THE VISIT WITH MISCH, FIRST SECRETARY, UNITED STATES EMBASSY.

2. SOLARZ' DISCUSSION WITH LEE KUAN YEW WAS A 'FOUR EYES ONLY' MEETING. DETAILS WERE UNAVAILABLE, BUT THE CONVERSATION WAS DOMINATED BY DISCUSSION OF EVENTS IN THE PHILIPPINES. THIS QUESTION HAD ALSO BEEN A MAJOR PART OF SOLARZ' DISCUSSIONS WITH DHANABALAN. SOLARZ HAD TOLD DHANABALAN THAT THE AQUINO MURDER WOULD MAKE IT MORE DIFFICULT TO SECURE CONGRESSIONAL APPROVAL FOR THE PHILIPPINE MILITARY BASES PACKAGE. MISCH BELIEVES THAT THAT DHANABALAN'S UNPRECEDENTED ACTION IN ISSUING A STATEMENT ON 26 AUGUST COMMENDING THE ESTABLISHMENT OF AN INDEPENDENT ENQUIRY INTO THE MURDER WAS LINKED WITH HIS CONCERN OVER THE FUTURE OF UNITED STATES BASES IN THE PHILIPPINES. DHANABALAN HAD SHOWN A 'SOPHISTICATED' APPRECIATION OF UNITED STATES DOMESTIC PRESSURES FOR REMOVAL OF THE PHILIPPINE BASES, AND THE IMPLICATION THIS MAY HAVE FOR THE UNITED STATES

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DEFENCE POSTURE IN THE REGION. UNITED STATES NAVAL FORCES ALONE COULD NOT MOUNT AS EFFECTIVE A DETERRENT. HE SAID THAT MALAYSIA AND INDONESIA, ALONG WITH SINGAPORE, WERE CONCERNED TO SEE THE BASES RETAINED, ALTHOUGH BECAUSE OF THEIR NON-ALIGNED STATUS, MALAYSIA AND INDONESIA COULD NOT SAY SO PUBLICLY. SINGAPORE'S POSITION IN THE NAM WAS DIFFERENT, AND DHANABALAN WOULD BE PREPARED TO ISSUE A STATEMENT URGING THE UNITED STATES TO MAINTAIN ITS PHILIPPINE BASES IF HE THOUGHT THIS WOULD HELP CONVINCE CONGRESS.

3. DHANABALAN HAD EXPRESSED CONCERN OVER THE STABILITY OF THE MARCOS REGIME. HE FELT THAT ANY REGIME WHICH FAILED TO MAKE ITS PEOPLE FEEL THAT THEIR CONCERNS WERE TAKEN INTO ACCOUNT BY THE GOVERNMENT, OPENED THE WAY FOR POLITICAL EXTREMISM. ONLY EXTREMISTS WOULD BENEFIT FROM AQUINO'S MURDER.

4. CAMBODIA WAS DISCUSSED. DHANABALAN THOUGHT THAT THE COALITION FORCES WERE GAINING IN SUPPORT, PARTICULARLY THE KPNLF, WHOSE STRENGTH HE ESTIMATED AT 8,000 ARMED MEN, WITH A FURTHER 4,000 MEN WHO COULD ALSO BE TRAINED. HE HAD URGED UNITED STATES PROVISION OF 'NON-LETHAL' MILITARY ASSISTANCE TO THE COALITION. DHANABLAN'S ASSESSMENT WAS THE THE VIETNAMESE HAD NOT FULLY CONSOLIDATED THEIR MILITARY POSITION IN CAMBODIA. THEIR OFFENSIVES AGAINST THE BORDER CAMPS EARLIER THIS YEAR HAD NOT BEEN AS EFFECTIVE AS THEY HAD HOPED. THE COALITION RETAINED THE ABILITY TO HARASS THE VIETNAMESE, AND THEIR OPERATIONS INTO CAMBODIA WERE BECOMING MORE EFFECTIVE. THE VIETNAMESE WERE FINDING IT MORE DIFFICULT TO RETAIN THE SUPPORT OF THE LOCAL PEOPLE. SOLARZ HAD SAID THAT THIS WAS ALSO THE UNITED STATES ASSESSMENT.

5. SOLARZ HAD EXPRESSED EXPARTISAN UNITED STATES SUPPORT FOR THE ASEAN STRATEGY OF MAINTAINING PRESSURE ON VIETNAM. THERE WAS NO LIKELIHOOD OF THE UNITED STATES MOVING TO FURTHER RELATIONS WITH VIETNAM AT PRESENT. DHANABALAN HAD DESCRIBED THE ASEAN STRATEGY AS PRESSING FOR A SOLUTION IN INDOCHINA WHICH LEFT VIETNAM EQUIDISTANT BETWEEN THE SOVIET UNION AND CHINA. ASEAN SAW NO LIKELIHOOD OF VIETNAM CONSOLIDATING ITS POSITION IN CAMBODIA AGAINST CHINESE OPPOSITION. ITS WORST FEAR WAS THAT CHINA COULD FORCE A SOLUTION WHICH INCREASED ITS INFLUENCE IN INDOCHINA, AND POSSIBLY IN THAILAND.

6. THERE HAD BEEN DISCUSSION OF THE FORTHCOMING UNGA. DHANABALAN ACKNOWLEDGED THE DIFFICULTY OF IMPROVING ASEAN'S POSITION WHEN IT ALREADY HAD '99 PERCENT SUPPORT'. ASEAN WAS CONCERNED HOWEVER THAT IT MIGHT LOSE ONE OR TWO VOTES, WHICH COULD BE PORTRAYED BY THE VIETNAMESE AS THE BEGINNINGS OF A TREND. MISCH SAID THERE HAD BEEN NO DISCUSSION OF AUSTRALIA IN CONNECTION WITH CAMBODIA OR THE UNGA.

7. DHANABALAN SOUGHT TO IMPRESS UPON SOLARZ THE NEED FOR THE UNITED STATES TO MAINTAIN DEFENCE ASSISTANCE TO TAIWAN. AT THE SAME TIME,

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IN

DEPARTMENT OF FOREIGN AFFAIRS  
DIPLOMATIC COMMUNICATIONS NETWORK



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DHANABALAN SAID THE UNITED STATES HAD TO TAKE CARE IN ITS RELATIONS WITH CHINA, WHICH SHOULD NOT SIMPLY BE REGARDED AS A CARD TO PLAY AGAINST THE SOVIET UNION. THERE HAD BEEN SOME DISCUSSION OF THE SINO-SOVIET DISPUTE, WITH DHANABALAN SEEKING SOLARZ' VIEWS. SOLARZ HAD BEEN PESSIMISTIC ABOUT THE LIKELIHOOD OF ANY PROGRESS.

8. SOLARZ HAD SOUGHT DHANABALAN'S REACTION TO UNITED STATES ATTEMPTS TO ENCOURAGE THE JAPANESE TO PLAY A GREATER ROLE IN THEIR OWN DEFENCE. DHANABALAN HAD SUPPORTED A GREATER JAPANESE DEFENCE ROLE, PROVIDED THAT NO REGIONAL ROLE FOR JAPAN WAS ENVISAGED.

9. THERE HAD ALSO BEEN DISCUSSION OF HONG KONG. DHANABALAN HAD BEEN VERY PESSIMISTIC ABOUT THE COLONY'S FUTURE. HE THOUGHT THAT HONG KONG'S SUCCESS WAS AN INDICTMENT OF THE CHINESE ECONOMIC AND POLITICAL SYSTEM, AND HE DOUBTED THAT THE CHINESE COULD AFFORD TO HAVE HONG KONG CONTINUE TO FUNCTION AS AT PRESENT UNDER THEIR ADMINISTRATION. MOREOVER HONG KONG'S BUSINESSMEN WERE A PRETTY FREE-WHEELING LOT., SHADY PRACTICES WERE COMMON PLACE, PRACTICES WHICH IN CHINA WERE OFTEN CAPITAL OFFENCES. HE COULD NOT SEE HOW BUSINESS CONFIDENCE IN HONG KONG COULD BE MAINTAINED UNDER CHINESE ADMINISTRATION.

ACTION: FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
DEP DEFENCE  
JAPAN SECRETARIAT

FOREIGN MINISTER  
DEP P M AND CABINET

MIN DEFENCE  
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DEPARTMENT OF FOREIGN AFFAIRS  
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CN	FAS(EPPD)	EX	DPR	ISPP
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BONN BRASILIA BRUSSELS BUENOS AIRES CARACAS COPENHAGEN GENEVA  
HONOLULU KINGSTON LISBON LONDON MEXICO CITY MOSCOW NEW DELHI  
OTTAWA PORT MORESBY RANGOON SANTIAGO DE CHILE SEOUL  
UN NEW YORK VIENNA VIENTIANE WELLINGTON

DEPARTMENT OF FOREIGN AFFAIRS  
DIPLOMATIC COMMUNICATIONS NETWORK

CONFIDENTIAL

# US to confront Russia over breaches of missile treaty

From NICHOLAS ROTHWELL, in New York

19 AUG 1981

P.4

From RICHARD OWEN of The Times in Moscow

PRESIDENT Reagan has ordered the White House national security adviser and the head of the administration's new arms control task force, Mr William Clark, to demand an immediate hearing from the Soviet Union into breaches of the Anti-Ballistic Missile treaty.

The White House says a new ABM radar system had been assembled, as reported in *The Australian* last week, and that new missile tests have taken place in defiance of the ABM treaty.

Details of the radar are still classified, but it is located at Abalokovo in the centre of the Soviet Union, and is larger than a football field. It lies close to SS-11, SS-18 and SS-19 intercontinental ballistic missile launch sites.

The ABM treaty, described as the single last- ing arms control accord between the United States and the Soviet Union, ex-

plains that the Soviet Union, it could act as a guidance system for a working ABM network. The radar is, in fact, the sixth large system completed or under construction in the Soviet Union - similar sites have been located at Pechora near the Caspian Sea, Lyaki in the north-west and Mischeleka in the far east.

Other similar giant phased-array early warning systems are at the con-

tract test site of Sary Shagan, and at Pushkino near Moscow. These two installations appear to be permitted under the treaty.

With all these installations in place, the Soviet Union now has what US officials fear could be a complete ABM radar network covering the entire country, with the Abalokovo device the last link in the system.

According to a report re-

leased by the US Joint Chiefs of Staff in 1981, the radars are not purely defensive early warning devices, but "may be designed to improve impact predictions and target handling capabilities for ABM battle management".

In addition, the US has detected Soviet testing of missiles such as the SAM-10 and SAM-12, as ABM devices, and mass production of those weapons - also in violation of the treaty.

The implication for the global strategic balance is serious. If the Soviets cancelled the ABM treaty and deployed a working system, suddenly the US would have no deterrent against nuclear attack, since its own missiles would not pose a retaliatory threat.

There is also concern among arms control supporters in Washington that the discovery of the new violations could cause a lengthy delay in the current strategic arms talks in Geneva.



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O.SI60941 MJDE  
TOR 19.07 18.04.83

O.SI60941 1630 18.4.83 CLA FIRST

TO.  
PP CANBERRA/4327

RP.  
PP WASHINGTON/598 PEKING/339 HANOI/438  
PP KUALA LUMPUR/6245 BANGKOK/3525 MANILA/2666  
PP JAKARTA/5103 TOKYO/428

FM. SINGAPORE /

C O N F I D E N T I A L

SINGAPORE : VISIT BY UNITED STATES SECRETARY OF STATE WOLFOWITZ  
FROM FILE 1254/1

SUMMARY : WOLFOWITZ'S VISIT TO SINGAPORE WAS LARGELY EDUCATIONAL BUT JUDGED VERY SUCCESSFUL. LEE EMPHASISED THE NEED FOR A CONTINUING ACTIVE UNITED STATES ROLE IN THE REGION, HIS CONCERN FOR THE GLOBAL ECONOMY, AND THE IMPACT OF THE OIL PRICE FALL ON INDONSSIA AND HENCE THE REGION. RAJARATNAM AND DHANABALAN EMPHASISED THE IMPORTANCE ESPECIALLY TO THAILAND OF SUSTAINED UNITED STATES SUPPORT FOR ASEAN'S CAMBODIAN POLICY, AS A BALANCE TO CHINA, WHOSE OBJECTIVES WERE DIFFERENT. VIETNAM HAD TO BE CONVINCED OF THE HIGH COST OF ITS POLICY, BUT NOT BLED. THERE WAS CONCERN OVER THE SOVIET THREAT OF SUPPORT FOR INSURGENCY. THEY DID NOT COMMENT ON AUSTRALIA'S POLICY ON AID, NOR ON FPDA, BUT PROGRESS ON DEFENCE COOPERATION WITH MALAYSIA WAS NOTED. (CONFIDENTIAL).

AMERICAN ASSISTANT SECRETARY OF STATE PAUL WOLFOWITZ VISITED SINGAPORE BETWEEN 13-16 APRIL. IN AN EXERCISE CHARACTERISED BY THE AMERICAN EMBASSY HERE AS ''MUTUAL EDUCATION'', BOTH SIDES REVIEWED WHERE MATTERS STOOD ON CURRENT REGIONAL ISSUES AND SOUGHT TO DEVELOP A BASIS FOR CLOSE PERSONAL WORKING RELATIONS. NO NEW INITIATIVES WERE LAUNCHED BUT IN THE VIEW OF THE AMERICANS THE VERY POSITIVE ATMOSPHERE GENERATED BY THE VISIT ENSURED ITS SUCCESS.

2. PRIME MINISTER LEE KUAN YEW MET FORMALLY WITH WOLFOWITZ FOR 35 MINUTES. THIS WAS FOLLOWED BY A ''FOUR EYES ONLY'' MEETING OF MORE THAN AN HOUR. LEE'S PRESENTATION WAS AN HIGHLY ARTICULATE ANALYSIS OF CONTEMPORARY TRENDS WITHIN THE REGION. HE SUGGESTED THAT WHILE

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FIRST



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FIRST

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VIETNAM HAD BEEN A DEFEAT FOR THE UNITED STATES, THE AMERICAN COMMITMENT THERE HAD BOUGHT TIME FOR THE COUNTRIES OF THE REGION TO GET THEMSELVES ON THEIR FEET ECONOMICALLY AND TO ESTABLISH A NECESSARY BASIS FOR THEIR OWN DEFENCE. LEE PARTICULARLY EMPHASISED THE NEED FOR THE UNITED STATES TO CONTINUE AS AN ACTIVE PLAYER IN THE REGION AND TO WORK STILL MORE CLOSELY WITH ITS ALLIES IN THE AREA. JAPAN WAS SPECIFICALLY MENTIONED IN THIS CONTEXT. ONLY FLEETING REFERENCE WAS MADE TO THE FORTHCOMING NAKASONE VISIT. LEE SAID THAT HE HAD RECENTLY MET NAKASONE AND DID NOT ANTICIPATE ANYTHING EITHER NEW OR SIGNIFICANTLY DIFFERENT TO MATERIALISE FROM HIS VISIT. THE ONLY OTHER THEME DEVELOPED DURING THE FORMAL MEETING WITH LEE WAS HIS EMPHASIS ON THE SERIOUS IMPLICATIONS FOR THE REGION OF THE CURRENT INTERNATIONAL ECONOMIC SITUATION. LEE LAID GREAT STRESS ON THE CONSEQUENCES OF THE OIL PRICE DROP FOR INDONESIA'S DEVELOPMENT PLANS AND THE LINKAGE EFFECTS THIS MIGHT HAVE THROUGHOUT THE REGION.

3. THE MEETINGS WITH DHANABALAN AND RAJARATNAM (HELD SEPARATELY) WERE ENTIRELY GIVEN OVER TO DISCUSSION OF THE CAMBODIAN ISSUE. THE DISCUSSION FOLLOWED STANDARD LINES WITH SINGAPORE USING THE OPPORTUNITY TO EMPHASISE WITH THE AMERICANS THAT THEY MUST 'HAND IN AND KEEP THE PRESENT POLICY GOING.' DHANABALAN INDICATED SOME CONCERN THAT THE THAI'S WERE DEPENDING TOO MUCH ON CHINA - A POINT WHICH THE AMERICANS SAW AS REFLECTING BOTH OBJECTIVE CONCERN AND MORE IMPORTANTLY, AS AN ENCOURAGEMENT TO THE UNITED STATES TO CONSIDER A MORE ACTIVE, COUNTER BALANCING ROLE WITHIN THE REGION.

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4. ASKED ABOUT SINGAPORE'S INTENTIONS FOR UNGA 37 DHANABALAN SAID SINGAPORE WAS STILL UNSURE HOW BEST TO PROCEED. THEIR NEW DELHI INITIATIVE HAD 'FOUNDERED' AND FOR THE MOMENT THEIR THINKING WAS BEING DIRECTED TOWARDS WHAT COULD BE ACHIEVED THROUGH THE ASEAN PLUS FOREIGN MINISTER'S MEETING IN JUNE. WOLFOWITZ ALSO ASKED DHANABALAN FOR SINGAPOREAN THINKING ON THE POSSIBILITY OF AUSTRALIA PROVIDING AID TO VIETNAM. ACCORDING TO THE AMERICAN EMBASSY DHANABALAN REPLIED THAT FOREIGN MINISTER HAYDEN WAS COMING TO SINGAPORE SHORTLY, THAT ASEAN WAS IN THE PROCESS OF DEVELOPING ITS POSITION FOR THE MEETINGS WITH MR HAYDEN AND THAT, APART FROM WANTING TO CONFIRM TO WOLFOWITZ THEIR CONCERN ABOUT THE PROSPECT, THEY DID NOT WANT AT THIS STAGE TO BE ANY MORE SPECIFIC IN THEIR COMMENTS. WOLFOWITZ THEN WOUND UP THIS DISCUSSION OBSERVING THAT THE UNITED STATES WAS INTERESTED AND CONCERNED ABOUT THE ISSUE AND EXPECTED, THROUGH DEPUTY ASSISTANT SECRETARY OF STATE O'DONOGHUE, TO HAVE AN OPPORTUNITY TO CONVEY AMERICAN VIEWS DURING HIS FORTHCOMING VISIT TO CANBERRA.

5. DHANABALAN'S PRESENTATION TO WOLFOWITZ STRESSED THE IMPORTANCE

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OF THE CAMBODIAN ISSUE FOR THE SECURITY AND STABILITY OF THAILAND. HE CONCURRED WITH WOLFOWITZ THAT IMPATIENCE WAS THE GREATEST ENEMY OF A SATISFACTORY SETTLEMENT. THERE WAS, HE SUGGESTED, NO NEED TO SEEK A SETTLEMENT AT ANY COST., THE VIETNAMESE MUST BE BROUGHT TO RECOGNISE THAT THEY WILL NOT ACHIEVE THEIR OBJECTIVES IN THE AREA. INSTEAD THEY MUST BE CONVINCED THAT THE COSTS ARE HIGH AND WILL GET HIGHER BOTH ON THE GROUND AND IN TERMS OF VIETNAM'S INTERNATIONAL PRESTIGE AND, ULTIMATELY, OF AID FOREGONE.

6. RAJARATNAM COVERED MUCH THE SAME GROUND AS THAT TRAVERSED BY DHANABALAN. HE DREW ATTENTION AS WELL TO THE RECENT KAPITSA THREAT AND COMMENTED THAT WHILE SINGAPORE HAD HEARD SUCH THREATS BEFORE FROM THACH, WHAT MADE THIS THREAT MORE SIGNIFICANT WAS THAT THE SOVIET UNION WAS NOW SEEN TO BE ENDORSING A VIETNAMESE SUGGESTION THAT THERE COULD PERHAPS BE SUPPORT FORTHCOMING FOR INSURGENCY MOVEMENTS IN SOUTH EAST ASIA. RAJARATNAM ALSO UNDERLINED (AS DID BOTH LEE AND DHANABALAN) THE PROBLEM FOR ASEAN OF GETTING TOO CLOSE TO THE CHINESE IN DEVELOPING ASEAN'S STRATEGY ON CAMBODIA - SUBSTANTIAL DIFFERENCE IN OBJECTIVES HAD TO BE RECOGNISED: ASEAN DID NOT WANT TO BLEED VIETNAM, RATHER IT WANTED AN HONOURABLE PEACE AND WAS PREPARED TO RECOGNISE VIETNAM'S LEGITIMATE INTERESTS BOTH IN CAMBODIA AND IN THE REGION AT LARGE.

7. TAKING HIS CUE FROM THIS REFERENCE TO VIETNAM, WOLFOWITZ SUGGESTED THAT THE POST-VIETNAM MOOD IN THE UNITED STATES WHILE STILL CAUTIOUS WAS SHIFTING. THE EL SALVADOR DEBATE HAD REVEALED THAT THERE WAS A GROWING FEELING THAT THE UNITED STATES SHOULD BE A BOLDER AND MORE ACTIVE PLAYER ON THE WORLD STAGE. SECRETARY OF STATE SCHULTZ' MARCH 9 STATEMENT HAD SOUGHT TO REFLECT THIS ASSESSMENT.

8. THE MEETING WITH DEFENCE MINISTER, GOH CHOK TONG HAD NOT GOT VERY FAR INTO SPECIFICS. AGAIN THERE HAD BEEN SOME DISCUSSION OF THE ROLE OF THE SOVIET UNION IN THE REGION AND CONCERN EXPRESSED BY GOH AT THE KAPITSA THREAT. INTERESTINGLY GOH MENTIONED THAT HE HAD JUST RETURNED FROM A THREE DAY OFFICIAL VISIT TO MALAYSIA WHERE HE SAID HE HAD BEEN GIVEN A VERY WARM RECEPTION. THE ATMOSPHERE BETWEEN MALAYSIA AND SINGAPORE WAS, HE SAID, VERY GOOD AND SOME USEFUL PROGRESS HAD BEEN MADE ON DEFENCE COOPERATION MATTERS. SPECIFICALLY AGREEMENT HAD BEEN REACHED WITH THE MALAYSIANS TO HAVE A BILATERAL MALAYSIAN/SINGAPOREAN NAVAL EXERCISE IN THE NEAR FUTURE. THERE WAS ALSO SOME DISCUSSION BETWEEN GOH AND WOLFOWITZ OF SINGAPOREAN PLANS FOR PURCHASES OF THE HAWKEYE EARLY WARNING SYSTEM. THIS DISCUSSION WAS GENERAL IN CHARACTER AND FOCUSED ON BOTH THE CAPABILITIES OF THE SYSTEM AND THE ANTICIPATED ARRIVAL IN THE NEAR FUTURE OF A SECOND

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ACTION: AM  
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# INWARD CABLEGRAM

4-0.SI60941

SURVEY TEAM.

9. APART FROM WOLFOWITZ ASKING DHANABALAN ABOUT SINGAPORE'S ASSESSMENT OF THE PROSPECT OF AUSTRALIAN AID TO VIETNAM, THE UNITED STATES EMBASSY BELIEVES THERA WAS NO OTHER REFERENCE TO AUSTRALIAN POLICY IN THE AREA. THE EMBASSY SAID THAT NEITHER LEE NOR GOH - AT LEAST IN THEIR FORMAL SESSIONS - HAD REFERRAD TO THE FIVE POWER DEFENCE ARRANGEMENTS OR MORE SPECIFICALLY TO THE FUTURE OF BUTTERWORTH.

ACTION: FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
DEP DEFENCE

FOREIGN MINISTER  
DEP P M AND CABINET

MIN DEFENCE  
JIO

ACTION: SEA  
AM

JBAC  
JBAH

SEC	DEPSEC-A	DEPSEC-B	LA	MCO	PA
FAS(SEP)	PAC	NZ	FAS(EANA)	CN	NA
FAS(EPPD)	EX	DPR	ISPP	DAC	NP
FAS(IAWM)	AWM	FAS(ECO)	FAS(LC)		IL
AR	FAS(MFS)	SAS	FAREP-M	FAREP-P	
FAREP-S					

BELGRADE BRUSSELS COPENHAGEN HONOLULU LONDON MEXICO CITY  
MOSCOW NEW DELHI OTTAWA PORT MORESBY RANGOON VIENTIANE  
WELLINGTON

CONFIDENTIAL  
FIRST



10780

R 1 BC- 00-00 0000

:DAYLEAD WEINBERGER

SINGAPORE: Nov 1 AAP-REUTER -- U.S. DEFENCE SECRETARY CASPAR WEINBERGER TODAY ASSURED SINGAPORE LEADERS OF WASHINGTON'S DEFENCE COMMITMENT TO SOUTH-EAST ASIA UNDER THE MANILA PACT.

AMERICAN OFFICIALS ACCOMPANYING HIM ON A TOUR OF FIVE ASIA-PACIFIC COUNTRIES SAID THAT MR WEINBERGER DID NOT OFFER ANY SPECIFIC PROPOSALS TO COUNTER WHAT THEY DESCRIBED AS AN INCREASING SOVIET THREAT THROUGH VIETNAM TO THE REGION.

BUT MR WEINBERGER MADE CLEAR THAT THE U.S. WOULD STAND BY ITS ALLIES UNDER THE 28-YEAR-OLD MANILA PACT WHICH PROVIDED FOR AMERICAN ASSISTANCE TO THAILAND IF IT CAME UNDER VIETNAMESE ATTACK, THEY SAID.

MR WEINBERGER DID NOT SAY WHAT FORM THIS ASSISTANCE WOULD TAKE, BUT ASIAN DIPLOMATS DISCOUNTED THE POSSIBILITY OF THE U.S. COMMITTING GROUND TROOPS AGAIN IN THIS REGION AFTER THE INDOCHINA DEBACLE IN 1975.

THE U.S. DEFENCE SECRETARY MET SINGAPORE PRIME MINISTER LEE KUAN YEW AND DEFENCE MINISTER GOH CHOK TONG IN TWO SEPARATE MEETINGS TODAY LASTING A TOTAL OF ABOUT TWO HOURS. SINGAPORE'S ARMED FORCES CHIEF MAJOR-GENERAL WINSTON CHOO ALSO ATTENDED THE TALKS BETWEEN THE TWO DEFENCE MINISTERS.

MORE

:D/L WEINBERGER 2 SINGAPORE

THE OFFICIALS QUOTED MR WEINBERGER AS TELLING THE SINGAPORE LEADERS THAT THE MORE COUNTRIES IN THE REGION COOPERATED WITH THE U.S. THE STRONGER THEIR DETERRENT ABILITY WOULD BE.

HE EXPRESSED ADMIRATION <sup>TO</sup> MR LEE FOR THE WAY HE HAD BEEN CREATING A SATISFACTORY DETERRENT FORCE IN HIS ISLAND STATE, THE OFFICIALS SAID.

SINGAPORE, ONE OF THE SMALLEST NATIONS IN THE WORLD WITH A POPULATION OF 2.4 MILLION PEOPLE, HAS BUILT UP ITS ARMY FROM A MERE TWO BATTALIONS TO A WELL-EQUIPPED FORCE OF OVER 60,000 SERVICEMEN AND 100,000 RESERVISTS SINCE ITS INDEPENDENCE IN 1965.

MOST OF ITS DEFENCE EQUIPMENT, INCLUDING AIRCRAFT AND MISSILES, ARE AMERICAN-MADE, BUT UNLIKE ITS FOUR PARTNERS IN THE ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN) -- MALAYSIA, THAILAND, INDONESIA AND THE PHILIPPINES -- SINGAPORE DOES NOT RECEIVE ANY U.S. AID.

THE OFFICIALS SAID THAT THE FOUR-YEAR-OLD KAMPUCHEAN CONFLICT WAS ALSO DISCUSSED, WITH MR WEINBERGER RENEWING THE U.S. PLEDGE TO SUPPORT ASEAN IN ITS EFFORTS TO FIND A COMPREHENSIVE POLITICAL SETTLEMENT.

MR WEINBERGER IS SCHEDULED TO HOLD A 20-MINUTE PRESS CONFERENCE TOMORROW BEFORE LEAVING FOR BANGKOK. HE WILL ALSO VISIT INDONESIA, AUSTRALIA AND NEW ZEALAND BEFORE RETURNING HOME ON NOVEMBER 8.

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National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1



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TELEX MESSAGE

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TELEX MESSAGE

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:LEE

WASHINGTON, JULY 19 AAP-REUTER -- US DEFENCE SECRETARY CASPAR  
WINBERGER TODAY MET SINGAPORE PRIME MINISTER LEE KUAN YEW FOR  
TALKS COVERING U.S.-SINGAPORE RELATIONS AND ARMS ISSUES.

PENTAGON OFFICIALS SAID THEY MET FOR ABOUT 30 MINUTES, BUT  
WOULD NOT DISCLOSE DETAILS OF THE MEETING.

PRIME MINISTER LEE, IN WASHINGTON ON A PRIVATE VISIT, IS TO  
MEET PRESIDENT REAGAN FOR LUNCH ON WEDNESDAY.

THE PRIME MINISTER ALSO MET THE ASSISTANT SECRETARY OF DEFENCE  
FOR INTERNATIONAL SECURITY AFFAIRS, FRANCIS WEST, AND THE ASSISTANT  
SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, RICHARD ARMITAGE.

SINGAPORE HAS BEEN A STEADY PURCHASER OF U.S. ARMS IN RECENT  
YEARS.

EARLIER THIS YEAR THE PENTAGON ANNOUNCED A PLANNED SALE TO  
SINGAPORE OF SIX MORTAR-LOCATING RADAR SYSTEMS FOR 30 MILLION US  
(29.5 MILLION AUSTRALIAN) DOLLARS AND LAST YEAR THE PURCHASE OF 200  
MAVERICK MISSILES FOR 26 MILLION US (25.5 MILLION AUSTRALIAN) DOLLARS.

IN 1980 SINGAPORE PURCHASED SIX F-5 JET FIGHTERS FOR 33.8  
MILLION US (33.2 MILLION AUSTRALIAN) DOLLARS.

IT HAS ALSO PURCHASED HAWK AIR DEFENCE SYSTEM RADAR UNITS AND  
MISSILE LAUNCHERS FOR 75 MILLION US (73.6 MILLION AUSTRALIAN) DOLLARS.

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200931

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200931



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RP.  
RR WASHINGTON/460 PEKING/249 MANILA/2158  
RR KUALA LUMPUR/5305 JAKARTA/4508 BANGKOK/2949

FM. SINGAPORE / FILE 1254/1

250/10/7/16

C O N F I D E N T I A L

SINGAPORE : VISIT BY U.S. VICE PRESIDENT

SUMMARY : THE U.S. VICE PRESIDENT VISITED SINGAPORE TO REASSURE LEE KUAN YEW OF U.S. SUPPORT FOR ASEAN AND TO REAFFIRM U.S. INTEREST IN SOUTH EAST ASIA. THE OFFICIAL DISCUSSIONS CENTRED MORE ON CHINA AND US/SINO RELATIONS THAN ON CAMBODIA.

THE U.S. EMBASSY HAVE TOLD US THAT THE AMERICANS ARE PLEASED AT THE OUTCOME OF THE VISIT TO SINGAPORE BY VICE PRESIDENT BUSH FROM 27-29 APRIL.

2. IN A DINNER ADDRESS SHORTLY AFTER BUSH'S ARRIVAL, LEE KUAN YEW URGED THE U.S. NOT TO OVERLOOK ITS STRATEGIC INTERESTS IN SOUTH EAST ASIA BECAUSE OF PROBLEMS IN OTHER AREAS. HE ADDED THAT THERE WAS A LOW-INTENSITY BUT LONG-HAUL STRUGGLE IN SOUTH EAST ASIA BETWEEN THE SOVIET UNION, THROUGH VIETNAM, AND CHINA AND THAT AN ADVERSE OUTCOME WOULD HAVE GRAVE CONSEQUENCES FOR ASEAN AND JAPAN.

3. IN A PUBLIC STATEMENT ON THE FOLLOWING DAY, BUSH PLEDGED THAT THE U.S. WOULD REMAIN FAITHFUL TO ITS TREATY COMMITMENTS AND WOULD HELP THE PACIFIC NATIONS STRENGTHEN THEIR DEFENCE CAPABILITIES. ACCORDING TO THE EMBASSY, IN HIS OFFICIAL DISCUSSIONS WITH LEE, SECOND DEPUTY PRIME MINISTER RAJARATNAM AND FOREIGN MINISTER DHANABALAN, THE MESSAGE THAT BUSH CARRIED WAS REALLY ONE OF REASSURANCE, REAFFIRMING U.S. SUPPORT FOR ASEAN AND AMERICAN INTEREST IN SOUTH EAST ASIA. HE ALSO EMPHASISED U.S. CONDEMNATION OF THE VIETNAMESE OCCUPATION OF CAMBODIA.

4. THE ANNOUNCEMENT THAT BUSH WOULD VISIT CHINA WAS MADE WHILE HE WAS IN SINGAPORE AND MUCH OF HIS OFFICIAL DISCUSSIONS WITH LEE CENTRED ON THIS AND THE CURRENT STATE OF U.S./SINO RELATIONS MORE SO EVEN THAN ON CAMBODIA. ''OPTIONS'' AND ''STRATEGIES'' WERE CANVASSED BUT NO SOLUTIONS WERE OFFERED AND IT WAS MENTIONED TO US THAT BUSH WOULD NOT BE TAKING SPECIFIC PROPOSALS WITH HIM TO PEKING.

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INWARD CABLEGRAM

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NEVERTHELESS, BUSH LATER MET WITH LEE PRIVATELY FOR A FURTHER  
LENGTHY DISCUSSION AND THE RESULTS OF THIS MEETING HAVE NOT BEEN  
DISCLOSED.

ACTION: FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
DEP DEFENCE  
JIO

FOREIGN MINISTER  
DEP P M AND CABINET

MIN DEFENCE  
SPEC. ADVISER TO P.M

ACTION: SEA  
ANZ

JBAC  
JBAH

SEC	DEPSEC-A	DEPSEC-B	DEPSEC-C	EX
MCO	PA	FAS(SEP)	FAS(NSA)	FAS(EANZ)
CN	FAS(DN)	NS	DEF	DPR
FAS(ECO)	FAS(LT)	FAS(MFS)	FAREP-M	
FAREP-P	FAREP-S			

BELGRADE BRUSSELS COPENHAGEN HANOI LONDON MEXICO CITY MOSCOW  
NEW DELHI OTTAWA PARIS EMB PORT MORESBY RANGOON TOKYO  
VIENTIANE WELLINGTON

CONFIDENTIAL

IN



250/10/7/16.

246

Cable O.SI 51162 of 11.2.82

Exclusive for Secretary

an SEA file 3027/10/10/8/1  
also reports comments  
made by Lee Kuan Yew  
to Lord Carrington critical  
of US policy toward Poland,  
other US foreign and domestic  
policies.

Mr. H. 16/2  
ANZ

*→ USA*  
FOREIGN AFFAIRS

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250/10/7/16

245

DATE. 23 November 1981

INFORMATION. KUALA LUMPUR

IN REPLY  
QUOTE

M. SI 014506

REGISTRY  
CODE

JAKARTA

TO. CANBERRA

MANILA

BANGKOK

REF. M.

TO FILE.

JIO

ONA

DEFENCE BRANCH (FOR ILO)

FM. SINGAPORE

CLASSIFICATION. RESTRICTED

FM. FILE. 1200/1

POST  
SEQUENCE  
NUMBER

3986

SUBJECT. SINGAPORE : POLITICAL DEVELOPMENTS, 1 - 16 NOVEMBER 1981

The United States Assistant Secretary of State for East Asian and Pacific Affairs, Mr John Holdridge, paid an official visit to Singapore from 6-8 November 1981. Mr Holdridge, a former U.S. Ambassador to Singapore, held discussions with Prime Minister Lee Kuan Yew, the Minister for Foreign Affairs, Mr S. Dhanabalan, and the Second Deputy Prime Minister (Foreign Affairs), Mr Rajaratnam. Mr Holdridge told the Straits Times that the United States was planning no immediate military aid program to ASEAN despite the USSR's influence in the region. Nor was it the intention of the United States to turn ASEAN into a military pact. He also reiterated United States support for ASEAN's proposals for a settlement in Kampuchea. Holdridge's visit received considerable publicity in keeping with Lee Kuan Yew's desire to encourage American interest in the security of the region: his first headline in the Straits Times - "Man who promotes U.S. - ASEAN relations" - was not untypical.

ORGANISATION OF ASEAN NEWSAGENCIES

2. For the first time, Singapore sent two representatives to attend the fifth general assembly of the Organisation of ASEAN Newsagencies which began in Kuala Lumpur on 3 November 1981. The representatives were James Fu, Press Secretary to Lee Kuan Yew, and T.S. Khoo, an editorial adviser to the Straits Times. Singapore attended merely as an observer as it has no national newsagency.

ROLLEI SINGAPORE

3. Receivers of Rollei Singapore have advertised the sale of its major remaining asset following its collapse earlier this year - its industrial complex at Chai Chee. So far the total amount realised from the sale of Rollei's assets in Singapore has been estimated at around \$540 million. The bulk of this has come from sales to Rollei Braunshweig, the former parent company, which paid nearly

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National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1



\$S30 million for finished products, some tooling equipment and spare parts. It is understood that the Receivers still have approximately \$S20 million worth of raw materials not sold. All former employees of Rollei in Singapore have for some time been placed in alternative employment.

NWC WAGE RECOMMENDATIONS

4. While the debate still continues on the practicability of the National Wages Council recommendations for a two-tiered wage structure in Singapore, the Civil Service has announced a new set of criteria against which it will assess job performance of its employees. Under the civil service system, highest marks will be given to team work, positive job attitude and high output. The more senior a civil servant, the more exacting will be his assessment. It is still not known how many civil servants will be awarded the second-tier (i.e. greater) increase. Singapore Airlines has at the same time announced that a smaller number of its employees than last year will receive the second tier award in 1982. In 1981, SIA awarded 80% of its employees the second tier increase, whereas it is considering awarding it only to the top 20-30% in 1982. A fairly large number of multi-national companies have tried to opt for the solution of granting the second tier award to all their employees but the Government does not encourage this practice.

SINGAPORE/FINLAND

5. A Finnish Parliamentary Delegation visited Singapore from 6-9 November headed by a former Minister of Defence, Mr Ingvarmelin. The Delegation, comprising members of Parliamentary finance, trade and industry committees, held discussions with the Department of Trade and also visited the Keppel Shipyards.

HOUSING FOR FOREIGNERS

6. The Government has announced that expatriates can in future apply to buy Housing Board flats in Singapore provided they intend to take out Singaporean citizenship. Hitherto, permanent residents and other non-citizens have been allowed to buy only Housing and Urban Development Company (HUDC flats), which are much more expensive. The move is aimed at attracting talented foreigners to Singapore most of whom at present are here on short-term contracts.

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ASIANS IN AUSTRALIA

7. A fairly prominent article appeared in the Straits Times on 3 November written by the Melbourne correspondent, Lim Say Boon, on the newly formed White Australia Movement. The article highlighted the racist policies of the WAM and the strong bid it was making for support among working-class youths in Sydney. The article comes at a time where there have been other pieces in the local media, including letters to the editor, expressing concern about racist attitudes within Australia and the implications of these for migrants and tourists from this region. Copies of the High Commissioner's response to these articles, which was published in the Straits Times, have been sent to Canberra under separate cover.

ANSON BY-ELECTION

8. The Singaporean political scene is still recovering from the shock of J.B. Jeyaretnam's victory at the Anson By-election on 31 October. The Straits Times is devoting a very large amount of space to analysis of the by-election and the reasons for the PAP's defeat, and it is clear that this soul-searching has the full approval of the Party and of the Prime Minister. Jeyaretnam's comments on the election are also being reported to a reasonable extent although he is not being accorded prime space as was perhaps to be expected: news that he was experiencing difficulty in obtaining an electoral office, for example, was relegated to obscure space towards the back of the newspaper. Nonetheless, it appears that the Straits Times (with official approval) has decided to grant space to Jeyaretnam now that he is an M.P. This is in marked contrast to his virtual nonexistence in between past elections. We will naturally be following the vicissitudes of this lone opposition M.P. with considerable interest.

KAMPUCHEA

9. On 6 October, the Minister for Foreign Affairs, Mr Dhanabalan, delivered a short address on Singapore's policy towards Kampuchea to the Foreign Correspondent's Association of South East Asia in Singapore. He rebutted Vietnamese claims that ASEAN should accept the situation in Kampuchea and pointed out that Vietnam had trapped itself into a geopolitical quagmire, the pressures of which would compel Vietnam to reach a settlement with ASEAN in time. For full details, see our O.SI49113 of 10 November 1981.

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ASEAN SENIOR OFFICIALS MEETING

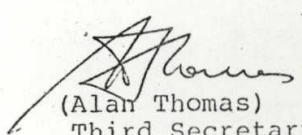
10. Senior ASEAN Foreign Ministry officials held a two day meeting in Singapore from 12 to 14 November 1981, the main purpose of which was to review main policy guidelines and to study re-structuring of the permanent ASEAN Secretariat based in Jakarta. We are reporting separately on the outcome of the meeting. The talks were also expected to cover ASEAN's continuing efforts to find a political solution in Kampuchea.

CIVIL AVIATION

11. Singapore Airlines has accused German officials of harassing its operations in Frankfurt. Reports in the local media have highlighted the raiding of SIA's offices and the seizing of documents by German officials in response to alleged illegal discounting of tickets. There have also been allegations that passengers have been harassed while waiting in ticket queues - similar to the allegations that surfaced when SIA was under threat of prosecution in Australia earlier this year. In a somewhat ironic reference to Australia's actions earlier this year, SIA's Managing Director, Lim Chin Beng, was quoted as saying "at least the Australians did it openly, this is insidious". SIA has sent a letter of protest to the German Director of Civil Aviation but has yet to receive a formal response. Meanwhile, a high ranking Lufthansa official has arrived in Singapore to meet Singapore Airline officials to discuss the allegations of discrimination against SIA.

PRESIDENT DEVAN NAIR

12. In his first public speech since assuming office last month, President Nair spoke of the new generation leadership which was taking over the reins of power in Singapore and how it must win the right to lead. This was not something automatically transferrable. President Nair was speaking at a dinner given him by the NTUC and its affiliated unions and business enterprises. His speech was reproduced on the front page of the Straits Times, consistent with what seems to be a deliberate attempt by the media to bolster and improve Nair's image in the early days of his Presidency. It is to be assumed that this approach has the full support of, if, indeed, it was not the result of, instructions from the Prime Minister's Office.



(Alan Thomas)  
Third Secretary

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## FOREIGN AFFAIRS

CENTRAL REGISTRY

DATE. 20 November 1981

INFORMATION.

IN REPLY  
QUOTE

M. SI 014477

REGISTRY  
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Nov 25 11 26 AM '81

TO. CANBERRA

INWARDS

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TO FILE.

FM. SINGAPORE

CLASSIFICATION. UNCLASSIFIED

FM. FILE.

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POST  
SEQUENCE  
NUMBER

3977

SUBJECT. SINGAPORE : VISIT BY JOHN HOLDRIDGE, U.S. ASSISTANT  
SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS :  
PRESS CONFERENCE

... Attached for your information are transcripts of  
the press conferences given by Mr Holdridge during his  
recent visits to Singapore and Kuala Lumpur.

Alan Thomas  
Third Secretary







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 RUEHDT/USMISSION USUN NEW YORK IMMEDIATE  
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SECSTATE FOR EA

E.O. 12065: N/A

TAGS:

SUBJ: ASST. SECRETARY OF STATE FOR EAST ASIAN AND  
PACIFIC AFFAIRS, JOHN HOLDRIDGE

ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC  
 AFFAIRS JOHN HOLDRIDGE MET BRIEFLY WITH THE PRESS ON  
 SATURDAY MORNING NOVEMBER 27 NEAR THE CLOSE OF HIS  
 THIRTY-TWO HOUR VISIT TO KUALA LUMPUR. TEXT OF HIS  
 REMARKS, AND QUESTIONS AND ANSWERS, FOLLOWS:

I WOULD LIKE TO START OUT BY INFORMING YOU AS TO THE  
 PURPOSE OF MY VISIT IN THESE PARTS. THERE ARE TWO THINGS  
 REALLY. I WAS INVITED QUITE SOME TIME AGO TO ATTEND THE  
 CSIS (CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES)  
 CONFERENCE IN PALI JOINTLY SPONSORED BY CSIS AND THE  
 UNIVERSITY OF CALIFORNIA AT BERKELEY. BOB SCALAPINO WHO  
 WAS THE REPRESENTATIVE OF BERKELEY IS AN OLD FRIEND OF  
 MINE. I VE KNOWN HIM FOR MANY YEARS, AND WE HAVE BEEN IN  
 ANT-OUT POLITICAL DISCUSSIONS TOGETHER FOR A GOOD  
 QUARTER OF A CENTURY. SO I WANTED VERY MUCH TO BE THERE.  
 NOW MY PURPOSE, OF COURSE, RATHER THAN JUST ATTENDING  
 THE CONFERENCE WAS TO DELIVER A PAPER IN WHICH I OUT-  
 LINED U.S. FOREIGN POLICY TOWARD ASEAN AND SOME OF THE  
 ISSUES WHICH WE HAVE TO DEAL WITH TODAY SUCH AS  
 CAMPUCHIA AND OUTLINE, INDEED, THE VALUE THAT WE PLACE  
 ON OUR RELATIONSHIP WITH ASEAN. ANOTHER PURPOSE WAS TO  
 LISTEN TO THE OPINIONS OF OTHERS. THE POINTS OF VIEWS  
 EXPRESSED BY THE DELEGATES AT THE CSIS CONFERENCE. THERE  
 WERE REPRESENTATIVES FROM ALL FIVE ASEAN COUNTRIES AND A  
 GOOD CROSS SECTION OF ACADEMIC REPRESENTATION FROM THE  
 UNITED STATES. THERE WAS ONE REPRESENTATIVE FROM THE U.K.  
 THE LONDON SCHOOL OF ECONOMICS AND FROM INSTITUTIONS  
 FROM WITHIN ASIAN ITSELF. SO IT WAS A VERY VALUABLE  
 EXPERIENCE FOR ME NOT ONLY TO BE ABLE TO EXPRESS THE U.S.  
 POLICIES TOWARD THIS AREA, BUT TO LISTEN TO THE VIEWS OF  
 OTHERS. AND THEN HAVING COME THIS DISTANCE, I DIDN'T  
 WANT TO STOP WITHOUT HAVING A CHANCE TO TALK TO

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GOVERNMENT LEADERS AT APPROPRIATE LEVELS ON PROBLEMS OF  
MUTUAL CONFLICT AND OUR BILATERAL RELATIONSHIP. SO IN  
SINGAPORE, OF STARTING IN INDONESIA, I WAS ABLE TO TALK  
TO GEN. ABDI YUSUF, AND MINISTER WIDJODI, MINISTER  
SUMARLIN, MINISTER MOCHTAR, AND IN SINGAPORE, FOREIGN  
MINISTER IRANABALAN AND DEPUTY PRIME MINISTER RAJARATHNAM  
AND OTHER MEMBERS OF THE SINGAPORE GOVERNMENT. HERE,  
YESTERDAY, I HAD A VERY USEFUL, VERY FRUITFUL CONVERSATION  
WITH FOREIGN MINISTER GRAZILL. AND OF COURSE, IN THE  
SOCIAL SENSE, THANKS TO AMBASSADOR PALMER, I'VE BEEN ABLE  
TO MEET A NUMBER OF OTHER MEMBERS OF THE MALAYSIAN  
GOVERNMENT WHO FOLLOW AFFAIRS OF INTEREST TO US, FOR  
EXAMPLE: REFUGEES--WHICH IS A MAJOR ITEM IN THE  
RELATIONSHIP BETWEEN MALAYSIA AND THE UNITED STATES. NOW,  
LET ME SAY, I WOULD LIKE TO DEAL WITH A COUPLE OF POINTS,  
I DON'T WANT TO TAKE UP ALL YOUR TIME, BUT I COUPLE OF  
THINGS THAT I BROUGHT OUT IN MY ADDRESS TO THE CSIS  
CONFERENCE: ONE, THAT WE DO VALUE OUR RELATIONSHIP WITH  
ASEAN VERY HIGHLY INDEED. I WOULDN'T WANT TO PUT A  
SCALE OF VALUES ON IT, I THINK THAT'S IMPOSSIBLE IN  
FOREIGN RELATIONS, BUT I WANT YOU TO KNOW THAT WE VALUE  
OUR RELATIONSHIP WITH ASEAN AT LEAST AS HIGHLY AS WE VALUE  
OUR RELATIONSHIP WITH CHINA, THAT THERE IS NO TILT TOWARD  
CHINA. I WANT TO DISABUSE YOU OF THAT FACT. INDEED, THERE  
ARE A LOT OF COMPLEXITIES IN THE UNITED STATES RELATIONSHIP  
WITH CHINA, ROTATING AROUND THE QUESTION OF UNITED STATES  
ARMS SALES TO TAIWAN. THIS MAKES THINGS A LITTLE MORE  
COMPLICATED, WHEREAS THERE ARE VERY FEW COMPLEXITIES IN OUR  
RELATIONSHIP WITH ASEAN COMPARED. AND OUR RELATIONSHIP  
WITH ASEAN IS NOT SIMPLY IN THE POLITICAL SENSE, BUT WE  
HAVE A VERY GREAT ECONOMIC INTEREST HERE. ASEAN IS OUR  
FIFTH LARGEST TRADING PARTNER COLLECTIVELY. I THINK THE  
FIGURES FOR 1980 WERE 21 BILLION DOLLARS, OUT OF WHICH BOTH  
MALAYSIA AND INDONESIA HAVE A FAVORABLE BALANCE OF TRADE.  
SO WE HAVE A GREAT MANY THINGS IN COMMON. WE HAVE MUTUAL  
INTEREST WITH RESPECT TO THE SITUATION IN SOUTHEAST ASIA IN  
GENERAL AND IN CAMBODIA IN PARTICULAR. WE HAVE ECONOMIC  
INTERESTS AND WE SHARE MANY COMMON POINTS OF VIEW, MANY  
SIMILAR VALUES. I WANT TO MAKE IT VERY PLAIN THAT WE ATTACH  
THE HIGHEST IMPORTANCE TO OUR RELATIONSHIP TO THE ASEAN  
COUNTRIES COLLECTIVELY AND TO OUR BILATERAL RELATIONS WITH  
EACH MEMBER OF ASEAN INDIVIDUALLY. INDEED, I'M VERY  
PLEASED TO SEE OUR RELATIONSHIP WITH MALAYSIA IS  
FLOURISHING AND IS GROWING YEAR BY YEAR. ONE LAST WORD, THE  
WHOLE QUESTION OF ARMS SALES TO CHINA IS MOOT. WE HAVE MADE



SOME ADJUSTMENTS IN OUR POLICY WITH RESPECT TO THE PRC, HAVING HAD TEN YEARS OF EXPERIENCE, BUT IT IS NOT THAT THE UNITED STATES IS SETTING OUT TO SELL ARMS TO CHINA. WE HAVE SIMPLY TOLD THE CHINESE THAT IF THEY ARE INTERESTED IN TECHNOLOGY OR CERTAIN ITEMS OF MILITARY HARDWARE, WE WOULD BE PREPARED TO DISCUSS THESE ISSUES ON A CASE-BY-CASE BASIS. CERTAINLY ANYTHING WE WOULD DO WOULD BE IN CLOSE CONSULTATION WITH OUR FRIENDS, CERTAINLY, OUR ASEAN FRIENDS, AND CERTAINLY WITH THE CONGRESS OF THE UNITED STATES. WHAT WE ARE THINKING ABOUT IS IN THE DEFENSIVE REALM, NOT OFFENSIVE WEAPONRY, BUT ITEMS WHICH COULD BE USED IN A DEFENSIVE MODE. IT IS UP TO THE CHINESE TO SET THE PACE ON THIS. WE ANNOUNCED THE POLICY OF MAKING THE CHANGES I SPOKE OF LAST JUNE. WE INVITED THE VICE CHIEF-OF-STAFF OF THE PEOPLE'S LIBERATION ARMY TO THE UNITED STATES TO DISCUSS FURTHER WHAT THE CHINESE WOULD BE INTERESTED IN, IN A CONCRETE SENSE. WELL THERE HAS BEEN NO VISIT OF THE VICE CHIEF-OF-STAFF AND I DON'T THINK THAT ONE CAN DISGUISE THE FACT THAT THIS ROTATES AROUND THE U.S. RELATIONSHIP WITH TAIWAN. SO, WHAT I AM SAYING IS THAT WE DO NOT EXPECT TO SEE LARGE QUANTITIES OF ARMS FLOWING FROM THE UNITED STATES TO CHINA AND EVEN IF THERE WERE SOME UNITS OF ITEMS THAT WERE SOLD TO THE PRC, I VE ALREADY DISCUSSED WITH YOU THE CAUTION WE WOULD EXERCISE IN THIS REGARD, TAKING INTO ACCOUNT THE CONCERNS OF OTHER COUNTRIES AND OF OUR OWN CONGRESS. ONE FINAL ITEM: IN THIS IS THAT THE CHINESE THEMSELVES ARE IN A FINANCIAL SITUATION WHICH DOES NOT PROVIDE THEM A GREAT DEAL OF CAPITAL TO SPEND ON PURCHASES FROM ABROAD. EVERYTHING ON THEIR SIDE WOULD BE SCRUTINIZED VERY CAREFULLY AND ALSO ON A VERY SELECTIVE BASIS. SO LET ME REITERATE, I THINK THAT OUR RELATIONSHIP WITH ASEAN IS SECOND TO NONE IN THIS PART OF THE WORLD, THAT WE VALUE IT EXTREMELY HIGHLY, AND ONE OF MY PURPOSES OUT HERE INDIVIDUALLY IS TO REAFFIRM THE INTEREST WHICH WE IN THE UNITED STATES HAVE IN OUR RELATIONSHIP WITH THE ASEAN COUNTRIES AS A GROUP AND WITH EACH COUNTRY INDIVIDUALLY. NOW I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU WOULD LIKE TO ADDRESS TO ME.

QUESTION: YOU SAID JUST CONCERNING ANY FUTURE ARMS SALES TO CHINA THAT YOU WOULD CONSULT YOUR FRIENDS IN THE REGION. WHAT DO YOU MEAN BY THAT? WOULD YOU ACTUALLY HAVE FORMAL CONSULTATIONS WITH THE ASEAN COUNTRIES?

ANSWER: WE WOULD CERTAINLY LISTEN TO ANY POINTS OF VIEW THAT THE ASEAN COUNTRIES EITHER INDIVIDUALLY OR COLLECTIVELY WOULD LIKE TO PRESENT TO US IN CONNECTION WITH ANY MOVE THAT WE HAVE IN THE DIRECTION OF CHINA IN THIS REGARD, TAKING INTO ACCOUNT THE SENSITIVITIES THAT MIGHT BE THERE.

QUESTION: DID YOU, DURING YOUR TRIP TO THE THE THREE ASEAN COUNTRIES THIS TIME, ENCOUNTER CONCERN OVER THE POSSIBILITY OF THESE SALES? IT SEEMS THAT IN YOUR COMMENTS YOU ARE RESPONDING TO SOME CONCERNS.

ANSWER: ACTUALLY THE CONCERNS WHICH I AM RESPONDING TO ARE THOSE WHICH HAVE BEEN REPORTED TO US IN ADVANCE OF MY TRIP,



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KAMPUCHEA OR IN TAKING A RESOLUTION BEFORE THE UNITED NATIONS GENERAL ASSEMBLY CALLING FOR THE WITHDRAWAL OF ALL FOREIGN FORCES FROM VIETNAM (SIC) ETC. THIS IS AN ASEAN MATTER PRIMARILY. THE UNITED STATES WILL BE SUPPORTIVE. WE WANT TO BE HELPFUL WHERE WE CAN, BUT WE WILL NOT BE OUT IN FRONT. AND WHEN IT COMES TO THE SITUATION I VE JUST DESCRIBED ABOUT THE FACTIONS OR THE ELEMENTS INVOLVED IN THIS EQUATION, OUR ROLE IS LIMITED TO PROVIDING MORAL SUPPORT, POLITICAL SUPPORT AND WE HAVE PROVIDED HUMANITARIAN ASSISTANCE IN THE AREAS WHERE THE REFUGEES ARE LOCATED ALONG THE THAI, KAMPUCHEAN BORDER.

QUESTION: WHAT DID THE ASEAN LEADERS TELL YOU ABOUT THEIR POSITION ON KAMPUCHEA?

ANSWER: THEY ARE VERY ANXIOUS TO SEE THAT THERE IS SOMETHING THAT CAN BE WORKED OUT TO INTRODUCTION A DEMOCRATIC COMPONENT INTO THE ANTI-VIETNAMESE RESISTANCE, THAT ALL OF US HAVE OUR VERY SERIOUS PROBLEMS WITH THE PHNOM PENH, THE POL POT REGIME, THAT WE SUPPORTED THE CONTINUATION OF THE DX SEAT IN THE UNITED NATIONS, BUT THAT WAS BECAUSE PRIMARILY WE WISHED TO PRESERVE THAT SEAT TO THE BENG SAMRIN REGIME WHICH WAS SET UP IN POWER BY THE VIETNAMESE AND SUPPORTED ONLY BY THE VIETNAMESE. NONE OF US IS HAPPY WITH THE BACKGROUND, THE BEHAVIOR OF THE DX IN YEARS PAST. AND IT WOULD BE VERY DESIRABLE TO SEE A DEMOCRATIC ELEMENT IN THE ASSISTANCE TO THE VIETNAMESE REPRESENTATIVE FOR MORE OF THE KAMPUCHEAN PEOPLE. AND IN FACT I THINK THAT PROCESS IS CONTINUING. THE KING'S SON SAMN HAS VISITED THE UNITED STATES AND I THINK HE WILL BE VISITING THE U.S. AGAIN. AND WE WILL BE HAPPY TO SEE HIM WHEN HE REACHES THE U.S.

QUESTION: EARLIER YOU LISTED THE U.S. POLES IN THE CAMBODIAN PROBLEM AND YOU SAID IT'S MORAL, HUMANITARIAN, POLITICAL, ARE YOU PULING OUT MILITARY?

ANSWER: WELL CERTAINLY WE WANT TO TAKE A GOOD AND HARD LOOK AT WHAT INVOLVES THERE AND, AS I SAID, WE DON'T SEE A DIRECT ROLE IN THIS FOR OURSELVES. IT IS SOMETHING THAT HAS TO BE WORKED OUT AMONG THE GROUPS, THE RESISTANCE GROUPS, AND WITH ASEAN COUNTRIES ACTING, I WOULD PRESUME THEY WOULD PREFER TO ACT, IN A BILATERAL SENSE RATHER THAN IN A MULTILATERAL SENSE.

QUESTION: SO ANY MILITARY SUPPORT FOR THE RESISTANCE GROUPS WON'T BE (INAUDIBLE)?

ANSWER: I THINK I LL STICK BY WHAT I VE SAID

QUESTION: DID YOU GET ANY FEELING THIS TIME THAT SOME OF THE ASEAN COUNTRIES MIGHT BE REASSESSING THEIR POSITIONS ON KAMPUCHEA, THAT THE SITUATION IS NOT REALISTICALLY CHANGABLE?

ANSWER: ON THE CONTRARY, I VE KNOWN THAT THERE ARE DIFFERENCES OF VIEWS AMONG THE ASEAN COUNTRIES, WITH THAILAND AT ONE END OF THE SPECTRUM AND INDONESIA AT THE OTHER. THE DOMINANT FEATURE THAT COMES THROUGH IS THE ACCENT ON

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I HOPE I HAVE BEEN SUCCESSFUL IN ADDRESSING THIS ISSUE IN  
WAYS WHICH WILL BE REASSURING TO THE LEADERS WITH WHOM I VE  
TALKED.

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QUESTION: ARE THEY THEMSELVES RAISING THIS KIND OF QUESTION?

ANSWER: AS A MATTER OF FACT I THINK THAT THEIR REACTIONS  
THROUGHOUT WERE VERY FAVORABLE. I THINK I WAS SUCCESSFUL  
IN GIVING A QUALITY OF REASSURANCE. LET ME SAY OF COURSE  
THAT WE DO HAVE A STRATEGIC RELATIONSHIP WITH THE PRC AND  
I THINK THAT FACT IS UNDERSTOOD, BUT AGAIN I BELIEVE THAT  
THE ASEAN COUNTRIES UNDERSTAND VERY WELL THAT AS I  
MENTIONED TO YOU, ON OUR SCALE OF VALUES WE ARE NOT  
SETTING ASEAN SECOND TO ANYBODY.

QUESTION: MR. HOLDRIEGE, REGARDING YOUR MEETING WITH  
TAN SRI GHAZALI YESTERDAY, WHAT WERE YOU DISCUSSING  
WITH HIM?

ANSWER: WE DISCUSSED, OF COURSE IN GENERAL, THE THINGS  
I OUTLINED TO YOU: THE CHINA RELATIONSHIP, THE IMPORTANCE  
WE ATTACH TO ASEAN. OF COURSE IN EACH OF THE COUNTRIES  
IN WHICH I HAVE BEEN WE HAVE DISCUSSED THE KAMPUCHEAN  
SITUATION. IT IS OUR POLICY IN THE UNITED STATES, AS WE  
HAVE SAID FROM THE BEGINNING OF THIS ADMINISTRATION, THAT  
IT IS IMPORTANT THAT ALL OF THE KAMPUCHEAN FORCES OPPOSED  
TO THE VIETNAMESE OCCUPATION OF KAMPUCHEA SHOULD WORK  
TOGETHER. BUT THE QUESTION IS HOW THIS SHOULD BE DONE.  
IT IS A MATTER WE LEAVE TO THESE FORCES TO WORK OUT IN  
CONJUNCTION WITH INTERESTED PARTIES FROM AMONG THE ASEAN  
COUNTRIES. THE UNITED STATES CERTAINLY ISN'T GOING TO  
TAKE A LEADING POSITION IN ALL OF THIS. IN GENERAL, WHEN  
IT COMES TO THE ASEAN ROLE IN THIS WHOLE SITUATION, AS  
FOR EXAMPLE, ORGANIZING THE INTERNATIONAL CONFERENCE ON



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MAINTAINING THE UNITY OF ASEAN. AGAIN THE ACCOMPLISHMENTS THAT HAVE BEEN REGISTERED BY ASEAN AS A GROUP ARE VERY SIGNIFICANT. THREE YEARS RUNNING NOW THERE HAVE BEEN RESOLUTIONS IN FRONT OF THE UNITED NATIONS GENERAL ASSEMBLY PASSING BY VERY WIDE MARGINS CALLING FOR THE WITHDRAWAL OF ALL FOREIGN FORCES. THIS MOST RECENT YEAR THE VOTE WAS 100 FOR THE ASEAN RESOLUTION AND 25 AGAINST. THIS IS FOUR MORE I BELIEVE, THAN WAS THE CASE IN 1980. AND THE INTERNATIONAL CONFERENCE ON KAMPUCHEA. THERE WERE 79 COUNTRIES ATTENDING AS REGULAR MEMBERS AND 14 MORE OBSERVERS, AND THEY CAME OUT WITH AN ACCEPTED RESOLUTION UNANIMOUSLY ADOPTED, AGAIN, NOT ONLY CALLING ON THE VIETNAMESE TO REMOVE THEIR FORCES, BUT ALSO IMPORTANTLY LAYING OUT THE BASIS FOR FUTURE POLITICAL SETTLEMENT AND THE UNITED STATES ACCEPTED AND ALSO VOTED FOR THIS RESOLUTION. THE POINT I'D LIKE TO MAKE HERE IS THAT IT IS NOT THE POLICY OF THE UNITED STATES TO BELIEVE VIETNAM. WE ARE AS ANXIOUS AS ANYONE ELSE FOR A POLITICAL SOLUTION AS SOON AS ONE CAN BE OBTAINED. I WOULD ADD, REALISTICALLY SPEAKING, THAT, UNTIL VIETNAM DECIDES TO CHANGE ITS POLICIES, REMOVE ITS TROOPS AND LIVE IN PEACE WITH ITS NEIGHBOURS, OUR VIEW IS THAT PRESSURE SHOULD BE KEPT ON VIETNAM. BUT WE ARE NOT OPPOSED TO FUTURE POLITICAL RELATIONSHIPS AT SUCH A TIME AS VIETNAM DECIDES TO CHANGE ITS PROGRAMS, ITS POLICIES AND TO LIVE IN HARMONY AND PEACE WITH ITS NEIGHBOURS.

QUESTION: WITH THESE ARMS SALES TO CHINA, YOU SAID IT WOULD BE A CASE-BY-CASE BASIS.

ANSWER: THAT'S RIGHT

QUESTION: DEFENSIVE HARDWARE?

ANSWER: THAT'S CORRECT

QUESTION: ARE YOU AWARE OF A RECENT CASE WHERE THE U.S.

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GOVERNMENT TURNED DOWN COMPUTER HARDWARE SALES TO CHINA ON THE GROUND THAT THEY WOULDN'T PROMISE THAT THEY WOULDN'T USE IT FOR MILITARY PURPOSES?

ANSWER: WELL AGAIN WE WOULD APPROACH THE QUESTION OF COMPUTERS ONCE MORE ON A CASE-BY-CASE BASIS, AND WE WOULD HAVE TO LOOK INTO, IN FACT, WHAT USE THE CHINESE WOULD PROPOSE TO MAKE OF COMPUTERS. IN FACT, WE INDIED WISH TO HAVE END-USE CHECKS, SOME ASSURANCE THAT ELEMENTS WE PROVIDE TO CHINA WOULD BE IN FACT GOING FOR THE SPECIFIC PURPOSE THAT THE CHINESE SAID THEY INTENDED TO USE THESE ELEMENTS FOR.

QUESTION: THE REASON IT WAS TURNED DOWN WAS THAT THEY WOULDN'T AGREE TO IT. IS THAT TRUE?

ANSWER: I'M NOT SURE WHICH PARTICULAR CASE YOU'RE TALKING ABOUT, BUT AS I MENTIONED TO YOU, WE HAVE PROPOSED FURTHER DISCUSSION ON QUESTIONS SUCH AS THIS WITH THE CHINESE AND THE CHINESE HAVE NOT FOLLOWED THROUGH. I THINK THAT THIS CANNOT BUT HAVE SOME BEARING ON THE TAIWAN ELEMENT IN THE U.S. RELATIONSHIP WITH CHINA. AS YOU KNOW, JUST BEFORE I CAME ON MY VISIT TO THIS PART OF THE WORLD, THE CHINESE FOREIGN MINISTER WAS IN WASHINGTON, AND WE DID DISCUSS MATTERS OF MUTUAL CONCERN, BILATERAL RELATIONS AS WELL AS THE STRATEGIC SITUATION WORLD WIDE, AND AMONG OUR DISCUSSIONS WAS THE TAIWAN QUESTION. ALL I CAN SAY AT THIS TIME IS THAT WE AGREED THAT THERE WOULD BE FURTHER DISCUSSIONS ON THIS ISSUE AT A TIME AND A PLACE AND A LEVEL YET TO BE DETERMINED.

QUESTION: CONCERNING THE QUESTION OF REFUGEES IN SOUTH-EAST ASIA, IN THIS CASE YOU SAID YOU SPOKE TO PEOPLE IN BOTH INDONESIA AND MALAYSIA, WHAT IS YOUR READING OF THAT SITUATION NOW? IS THE PRESSURE OFF? ARE GOVERNMENTS, STILL VERY MUCH CONCERNED?

ANSWER: YES, GOVERNMENTS ARE CONCERNED, AND WHEN I WAS IN THE UNGA LAST SEPTEMBER AND TALKING TO SOME OF THE ASEAN FOREIGN MINISTERS, BOTH FOREIGN MINISTER CHAZALI AND FOREIGN MINISTER MOCHTAR RAISED THIS ISSUE WITH ME AND POINTED OUT THE IMPORTANCE OF THE UNITED STATES POLICY ON REFUGEES TO THEIR RESPECTIVE COUNTRIES AND THE NECESSITY FOR US, AS THEY SAW IT, OF KEEPING UP OUR PROGRAM OF ONWARD MOVEMENT. WE, ON OUR PART, REITERATED OUR AFFIRMATION FOR THE PRINCIPLE OF FIRST ASYLUM. I BELIEVE THAT THE PROGRAM, AS IT'S EMERGING FROM THE CONGRESSIONAL HEARINGS THIS YEAR IN WASHINGTON, WILL PROVIDE THE ASSURANCE THAT THE ASEAN COUNTRIES WANT ABOUT ONWARD MOVEMENT, IN WHICH CASE I ANTICIPATE THAT THE COUNTRIES SUCH AS THAILAND, MALAYSIA AND INDONESIA AND SINGAPORE WILL CONTINUE THEIR POLICY OF FIRST ASYLUM. I GUESS I SHOULD MENTION THE PHILIPPINES, BECAUSE SOME REFUGEES TAKE THEIR WAY DIRECTLY THERE, AND THERE IS A RELOCATION CENTER IN THE PHILIPPINES ALSO. SO ALL OF THE COUNTRIES ARE CONCERNED ABOUT THE REFUGEE PROBLEM, THAT IT NOT BECOME AN ECONOMIC AND POLITICAL BURDEN ON THEM. THEY LOOK TO OUTSIDE SOURCES TO HELP THEM IN THIS WAY AND PRIMARILY TO THE UNITED STATES. WE ARE PREPARED INDEED TO BE HELPFUL.



QUESTION: WHAT ABOUT POLITICAL DEBATE IN RECENT MONTHS OVER WHETHER THE U.S. AND OTHER COUNTRIES' ACCEPTANCE OF RESETTLEMENT PROGRAMS AREN'T IN FACT BECOMING A LURE TO BRING OUT MORE REFUGEES?

ANSWER: WHAT YOU ARE TALKING ABOUT IS THE PULL RATHER THAN THE PUSH FACTOR, ECONOMIC REFUGEES. WE'VE GONE INTO THAT VERY CAREFULLY AND, TO BE SURE, WE'VE NOTICED THAT IT HAS BEEN A POLICY ON THE PART OF SOME COUNTRIES FOR EXAMPLE TO MOVE TOWARD WHAT YOU WOULD CALL AUSTERE CAMPS AND TO MAKE IT KNOWN TO WOULD BE REFUGEES THAT MOVEMENT WOULD NOT BE ALL THAT QUICK OR AUTOMATIC AND THIS MAY HAVE HAD SOME EFFECT ON THE NUMBERS MOVING FROM VIETNAM OR LAOS TO THE CAMPS INSIDE THAILAND OR MALAYSIA. BUT NEVERTHELESS, I THINK, REFUGEES WILL CONTINUE TO COME. I THINK IT IS VERY HARD TO MAKE A DISTINCTION BETWEEN AN ECONOMIC REFUGEE AND A POLITICAL REFUGEE. THEIR WHOLE SYSTEM IN VIETNAM IS SO TOUGH THAT YOU WILL FIND POLITICAL ASPECTS OR ECONOMIC ASPECTS ARE WOVEN TOGETHER VERY TIGHTLY, AND PEOPLE JUST DON'T LIKE IT THERE, AND THEY'LL GO. ONE OF THE IMPORTANT FEATURES IN DEFINING A REFUGEE, SOMEONE WHO NEEDS TO BE RELOCATED, IS WHETHER OR NOT THAT INDIVIDUAL CAN GO BACK TO HIS COUNTRY IN SAFETY AND SECURITY. AND THE ANSWER IN THE CASE OF VIETNAM IS NO. THIS POINT WAS BROUGHT OUT IN TESTIMONY BEFORE THE CONGRESS JUST A FEW WEEKS AGO. I WAS ONE OF THOSE WHO TESTIFIED TALKING ABOUT THE POLITICAL IMPLICATIONS OF THE SITUATION AND HOW IMPORTANT THIS IS IN OUR RELATIONS TO THE ASEAN COUNTRIES.

QUESTION: SO IT IS YOUR IMPRESSION THAT AS LONG AS THE U.S. CAN PROMISE HELP TO MOVE THE REFUGEES THROUGH, THESE ASEAN



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COUNTRIES WILL CONTINUE TO GIVE FIRST ASYLUM?

ANSWER: THAT'S MY IMPRESSION, DEFINITELY.

QUESTION: NO ONE'S SAID ANYTHING DIFFERENT.

ANSWER: NO ONE HAS CONTRADICTED ME, AND, IN FACT, I HAVE BEEN REASSURED DIRECTLY. WE'VE HAD CONVERSATIONS IN WASHINGTON WITH PRIME MINISTER PREM OF THAILAND, FOREIGN MINISTER SIDDHI ON THIS SUBJECT AND I'VE RAISED THIS SAME ISSUE IN MY OWN CONVERSATIONS BOTH IN NEW YORK AS I MENTIONED WITH FOREIGN MINISTER MOCHTAR AND FOREIGN MINISTER CHAZALI AND ON MY PRESENT VISIT. SO THIS IS AN ITEM WE'LL BRING BEFORE US AND IT'S NOT GOING TO BE SHOVED ONTO THE BACK BURNER.

QUESTION: ON THE SUBJECT OF KAMPUCHEA, WHEN IS MR. SON SANN VISITING THE U.S.?

ANSWER: I THINK IT'S GOING TO BE IN THE LATTER PART OF NOVEMBER.

QUESTION: WHAT IS THE PURPOSE OF THE VISIT?

ANSWER: I THINK HE IS GOING TO BE LOOKING FOR SUPPORT

QUESTION: RECENTLY THERE HAS BEEN A REPORT FROM BANGKOK THAT MR. SON SANN MIGHT WITHDRAW FROM JOINING THE COALITION GOVERNMENT. WHAT IS YOUR LATEST INFORMATION?

ANSWER: FRANKLY I'M A LITTLE BIT FUZZLED BY WHAT IS HAPPENING IN THAT REGARD, AND THIS IS SOMETHING WE MIGHT WANT TO DISCUSS DIRECTLY WITH MR. SON SANN WHEN HE ARRIVES. I COULDN'T GIVE YOU AN APPRAISAL OF WHAT THE MOTIVATION WOULD BE AT THIS POINT, IF IN FACT THAT IS THE POLICY SON SANN HAS REALLY ADOPTED.

QUESTION: IS THERE ANY INTEREST IN MALAYSIA IN ANY SPECIAL BILATERAL ISSUES THAT YOU DISCUSSED HERE?

ANSWER: YESTERDAY, WE PRIMARILY DISCUSSED THE POLITICAL SITUATION IN THE CONTEXT OF OUR BILATERAL RELATIONS AND KAMPUCHEA, BUT I CAN SAY THAT WHEN I WAS IN INDONESIA I HAD A VERY USEFUL CONVERSATION WITH MINISTER WIDJOJO. HE HAD A CHECK LIST OF A NUMBER OF ITEMS THAT WOULD ALSO REFLECT THE MALAYSIAN POINT OF VIEW, CALLING TO MY ATTENTION AND I SAID THAT I WOULD CARRY AS REFLECTING EXPRESSIONS OF CONCERN BACK TO THE UNITED STATES. THIS CHECK LIST INCLUDED THE INTERNATIONAL TIN AGREEMENT. IT INCLUDED LAW OF THE SEA OTHER COMMODITIES, AND ECONOMIC RELATIONSHIPS IN GENERAL, ALL OF WHICH I'M SURE THE MALAYSIAN GOVERNMENT WOULD UNDERSCORE.

QUESTION: WHAT WAS HE ASKING?

ANSWER: BEAWARE IN MIND THAT THESE ECONOMIC ITEMS AND LAW OF THE SEA ARE OF DEEP CONCERN TO THE COUNTRIES OF THIS REGION.

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QUESTION: THAT WAS HIS.....

ANSWER: DON'T FORGET US, HE SAID IN EFFECT..(END TEXT)  
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C O N F I D E N T I A L

SINGAPORE/U.S. RELATIONS, VISITS BY KISSINGER AND HOLDRIDGE

ABSTRACT : SINGAPORE SOUGHT TO MAKE THE MOST OF RECENT VISIT BY KISSINGER AND HOLDRIDGE TO STRESS THE NEED FOR CONTINUED U.S. SUPPORT FOR ASEAN. KISSINGER GOT A USEFUL BRIEFING FROM ASEAN MINISTERS. IN THE FACE OF CONCERNS EXPRESSED BY LEE, HOLDRIDGE REASSURED HIM THAT U.S. POLICY ON CHINA WAS RATIONAL AND BALANCED, AND IN THE FINAL ANALYSIS PLACED MORE WEIGHT ON THE RELATIONSHIP WITH ASEAN WHOSE POLICIES ON KAMPUCHEA THE U.S. FULLY SUPPORTED. LEE STRESSED THE IMPORTANCE OF U.S. SUPPORT FOR THE THAIS AS WELL AS ASEAN.

THE FOLLOWING ACCOUNT OF THE VISITS BY KISSINGER AND HOLDRIDGE, WHICH IS BASED ON DISCUSSIONS WITH THE U.S. AMBASSADOR (THAYER) AND INDONESIAN AMBASSADOR (SUDJATMIKO), CONFIRMS REPORTS WHICH YOU ALREADY HAVE AND SUPPLEMENTS THEM IN SOME RESPECTS.

2. KISSINGER'S PUBLIC STATEMENTS WERE CONFINED TO THE SINGAPORE LECTURE. HE MADE IT CLEAR BOTH IN PUBLIC AND IN PRIVATE THAT HE WAS NOT REPRESENTING THE U.S. ADMINISTRATION, BUT IT WAS EQUALLY CLEAR THAT HE HAD CONSIDERABLE ACCESS AND INFLUENCE IN WASHINGTON. HE MET INDIVIDUALLY AND COLLECTIVELY WITH ASEAN LEADERS INCLUDING RAJARATNAM AND DHANABALAN (SINGAPORE), MOCHTAR (INDONESIA), GHAZALI SHAFIE (MALAYSIA), ARUN PANUPONG AND PRASONG SOONSIRI (THAI DEPUTY FOREIGN MINISTER AND DEFENCE MINISTER) AND ENRILE (PHILIPPINES DEFENSE MINISTER). AMBASSADOR THAYER SAID THAT HE HAD ONLY HAD A 20 MINUTE DEBRIEFING CONFINED TO THE COLLECTIVE DISCUSSION WHICH DID NOT GO INTO ANY DETAIL. AS REPORTED IN JAKARTA REFTEL, IT FOCUSED MAINLY ON KAMPUCHEA THE TRIPARTITE DISCUSSIONS IN BANGKOK AND DEALING WITH THE VIETNAMESE. KISSINGER HAD BEEN IMPRESSED BY THE MESSAGE CONVEYED TO HIM OF THE NEED FOR CONTINUED U.S. SUPPORT FOR ASEAN. THAYER BELIEVED THAT THE TALKS HAD BEEN USEFUL IN BRINGING KISSINGER UP TO DATE ON THE POSITION IN SOUTH EAST ASIA BUT IT SEEMED THAT LITTLE THAT WAS NEW HAD EMERGED.

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3. SUDJATMIKO SAID THAT IN BILATERAL DISCUSSIONS MOCHTAR PRESSED KISSINGER TO CONVEY TO THE U.S. ADMINISTRATION INDONESIAN AND ASEAN CONCERNS ON ISSUES SUCH AS TIN AND THE LAW OF THE SEA. COMMENTING ON THE QUESTION OF ASSISTANCE TO SON SANN SUDJATMIKO SAID THAT INDONESIAN CAUTION WAS DICTATED AMONGST OTHER THINGS BY RESERVATIONS ABOUT JUST HOW EFFECTIVE SON SANN AND HIS FORCES WERE, AND THE ABILITY TO MAINTAIN CONTROL OVER MATERIAL SUPPORT INTENDED FOR THE NON-COMMUNIST OPPOSITION : MUCH OF IT MIGHT WELL END UP IN KHMER ROUGE HANDS. ACCORDING TO THAYER, MOCHTAR HAD PUT TO KISSINGER THE FAMILIAR INDONESIAN POSITION ON THE NEED TO ACCOMMODATE VIETNAM AS A COUNTER-WEIGHT TO CHINA IN THE REGION BUT KISSINGER CAME AWAY WITH THE FIRM IMPRESSION (AS HAD HOLDRIDGE) THAT INDONESIA ' 'WAS NOT GOING TO GET OFF THE ASEAN TRAIN' ' ON KAMPUCHEA.

4. HOLDRIDGE LIKE KISSINGER, WAS GIVEN HIGH LEVEL TREATMENT DURING HIS VISIT REFLECTING WHAT THAYER DESCRIBED AS SINGAPORE'S HOPES OF WHAT MIGHT BE GAINED FROM THE REAGAN ADMINISTRATION. HOLDRIDGE MET WITH DEPUTY PRIME MINISTER RAJARATNAM AND FOREIGN MINISTER DHANABALAN AS WELL AS HAVING AN HOUR WITH LEE FOLLOWED BY A PRIVATE DINNER AT WHICH ONLY THE U.S. AMBASSADOR, LEE'S SON, HIS PERSONAL PRIVATE SECRETARY, AND INTERESTINGLY ENOUGH, LIM CHEE ONN (MINISTER WITHOUT PORTFOLIO AND NTUC SECRETARY WHO ACCOMPANIED LEE TO CHOGM) WERE PRESENT.

5. HOLDRIDGE'S PUBLIC STATEMENTS REFLECTED THE OBJECTIVES OF HIS VISIT OUTLINED IN THE KUALA LUMPUR REFTEL. HE REITERATED U.S. ASSURANCES ON ARMS SALES TO CHINA AS COVERING ONLY DEFENSIVE WEAPONS ON A CASE BY CASE BASIS AND ONLY AFTER CONSULTATIONS WITH OTHER COUNTRIES. HE EMPHASISED FULL U.S. SUPPORT FOR ASEAN POLICY ON A POLITICAL SOLUTION ON KAMPUCHEA. HE REPORTEDLY DENIED THAT THE U.S. HAD REFUSED TO GIVE MILITARY AID TO SON SANN BUT SAID THAT THE U.S. WAS STILL WATCHING DEVELOPMENTS IN THE FORMATION OF A TRIPARTITE COALITION AND HOW ANY COALITION MIGHT RELATE TO ASEAN. THAYER SAID THIS ACCURATELY REFLECTED WASHINGTON'S CURRENT APPROACH WHICH EMPHASISED U.S. POLITICAL SUPPORT.

6. THAYER SAID THAT THE DISCUSSION WITH LEE CENTRED ON ' 'LEE'S OBSESSION WITH CHINA' '. THE SINGAPOREANS WERE CONCERNED TO KNOW WHERE ASEAN STOOD VIS-A-VIS CHINA IN U.S. PRIORITIES. HOLDRIDGE HAD SPOKEN IN SOME DETAILS ABOUT U.S. POLICIES TOWARDS NORTH EAST AND SOUTH EAST ASIA. HE HAD NOTED THE IMPORTANCE OF THE U.S. MAINTAINING A DIALOGUE WITH CHINA AND ASSISTING DENG TSIAO PENG TO CONSOLIDATE HIS POSITION AND POLICIES AGAINST THE THREAT FROM THE LEFT. THAT PRESSURE WAS REFLECTED IN CHINESE POLICIES ON TAIWAN AND KAMPUCHEA WHICH, PARTICULARLY ARMS SALES TO TAIWAN, WERE GIVING THE U.S. PROBLEMS IN ITS RELATIONSHIP. THAYER NOTED THAT HOLDRIDGE WAS NOT ONLY WELL KNOWN TO THE SINGAPOREANS BUT HIS CREDENTIALS IN RELATION TO CHINA WERE HIGHLY REGARDED. THAYER FELT THAT HE HAD

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GIVEN AN EXPOSITION TO LEE AND THE OTHERS ON U.S. POLICIES WHICH HAD CONVINCED THEM THAT U.S. POLICY WAS BALANCED AND RATIONAL, AND THAT IF FACED WITH A CHOICE THE U.S. WOULD SUPPORT ASEAN.

*seems doubtful.*

7. NEVERTHELESS HOLDRIDGE HAD STRESSED THE IMPORTANCE OF FINDING A SOLUTION TO THE PROBLEMS OF KAMPUCHEA AND SOUTH EAST ASIA GENERALLY WHICH WAS ACCEPTABLE TO CHINA. IT WAS FOR THIS REASON THAT CERTAIN IDEAS HELD AMONG INFLUENTIAL INDONESIANS OF DOING SOME SORT OF SEPARATE DEAL WITH HANOI WOULD NOT STAND UP. AS NOTED ABOVE (AND REFLECTED IN KUALA LUMPUR REFTEL) HOLDRIDGE WAS CONVINCED SOEHARTO'S FIRST PRIORITY WAS THE MAINTAINANCE OF ASEAN UNITY AND INDONESIA WOULD STICK WITH THE ASEAN CONSENSUS. HOLDRIDGE UNDERLINED IN HIS PRIVATE AS WELL AS HIS PUBLIC STATEMENTS THE FULL U.S. SUPPORT FOR THE CURRENT ASEAN STRATEGY ON KAMPUCHEA, AND WAS CONVINCED THAT THEY WOULD SEE IT THROUGH.

8. IN THE CONTEXT OF STRESSING THE IMPORTANCE OF U.S. SUPPORT FOR THE ASEAN APPROACH, LEE KUAN YEW HAD EXPRESSED CONCERN NOT ONLY ABOUT SOME INDONESIAN IDEAS BUT ALSO ABOUT THAILAND'S STABILITY AND RESOLUTION. IN THE PRESENT SITUATION HE TOLD HOLDRIDGE FIRM U.S. SUPPORT FOR THE THAIS, AS WELL AS ASEAN, WAS CRUCIAL.

ACTION: FOREIGN AFFAIRS  
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PRIME MINISTER  
DEP DEFENCE  
JIO

FOREIGN MINISTER  
DEP P M AND CABINET

MIN DEFENCE  
SPEC. ADVISER TO P.M

ACTION: SEA  
ANZ

JBAC  
JBAH

SEC	DEPSEC-A	DEPSEC-B	DEPSEC-C	LA
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NA	SA	FAS(EANZ)	CN	FAS(DN)
DEF	DPR	FAS(IOAME)	FAS(ECO)	EP
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BRUSSELS HANOI LONDON MEXICO CITY MOSCOW NEW DELHI OTTAWA  
PARIS EMB PEKING PORT MORESBY RANGOON TOKYO VIENTIANE

CONFIDENTIAL



# CONFIDENTIAL AUSTEO FOREIGN AFFAIRS

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DATE. 6 July 1981

INFORMATION. Washington  
Bangkok  
Kuala Lumpur  
Manila  
Jakarta

IN REPLY  
QUOTE

M. SI 012852

REGISTRY  
CODE

TO. CANBERRA

REF. M. O. WH5434

TO FILE.

FM. SINGAPORE

CLASSIFICATION. CONFIDENTIAL  
AUSTEO

FM. FILE. 1254/1

POST  
SEQUENCE  
NUMBER

3570

SUBJECT. SINGAPORE: VISIT OF LEE KUAN YEW TO THE UNITED STATES

An official of the United States Embassy in Singapore briefed us on 3 July about Prime Minister Lee Kuan Yew's visit to the United States from 17-19 July. The official asked that he not be named in our reporting to Canberra in view of the sensitive comments he passed.

2. The official said that Lee had visited only Washington. He had discussions with the President, the Vice President, the Secretary of Defence, the Secretary of the Treasury, the Director of the CIA, the State Department and he dined with former Secretary of State Kissinger. The official drew on two records in briefing us; Lee's discussion with the Under Secretary of State for Political Affairs, Stessel, who was the most senior State Department representative in Washington at the time and Lee's discussion with Defence Secretary, Weinberger.

3. Lee focussed on Kampuchea in his discussions with Stessel. He gave the standard Singapore hard-line approach on Kampuchea. Lee emphasised that Vietnamese domination of Kampuchea was not a fait accompli and that continuing positive action by the United States in conjunction with ASEAN and its other allies could prevent it. He said that if necessary Vietnam should "bribe" over Kampuchea. Lee also said that ASEAN and the United States, in working for a United Front, should "defer" to Son Sam and not push him too hard. He was the one non-DK member who could create, despite his age, a workable anti-Vietnamese coalition. Lee was hopeful that Son Sam would be able to create a United Front with the DK before this year's General Assembly in order to make the credentials fight easier. (Lee's reported comments about Son Sann are of interest in view of his reported surprise at American enthusiasm for Son Sann - Washington's reftel refers.) In his response to Lee, Stessel said that the United States would continue to give humanitarian assistance and political and moral support to the non-Communist anti-Vietnamese forces in Kampuchea. In response to our question of whether Stessel had developed the statement made in Peking by Holdridge in June

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about US military support for the anti-Vietnamese forces in Kampuchea, the official said Stessel had said that "the question of weapons support is to be addressed further down the road".

4. In his conversation with Defence Secretary Weinberger, Lee said that Singapore breathed a "sigh of relief" when Reagan was elected President. They were very happy when Haig was nominated Secretary of State and were "estatic" with Holdridge's confirmation as Assistant Secretary of State for East Asian and Pacific Affairs. Holdridge was United States Ambassador to Singapore a few years ago and the Singaporeans developed a warm relationship with him during that time. Lee said that the Soviet Union was making a deliberate effort to upgrade its presence in South East Asia. Unlike 20 years ago when only the US and British navies were to be seen, the continuing and increasing Soviet naval presence now meant that there was a fine and delicate balance of power in the region. Singapore was increasingly concerned at this and would for example continue to deny Soviet requests to lease oil tanks for shipping purposes in Singapore. It wanted the United States to match the Soviet presence in the region. In his response, Weinberger said that the Administration was well aware of the increasing Soviet naval presence and was undertaking a massive expansion program for the United States Navy. The US was grateful to Singapore for limiting the use of shipping facilities in Singapore to the Soviet Union. In the course of their conversation, Lee and Weinberger agreed that a matter of current concern was the apparent development of neutralist policies in Western Europe.

5. We mentioned the article in the Asian Wall Street Journal of 23 June about Lee's visit to the United States (copy attached). The official said that the article appeared to be "well backgrounded" and he understood that the journalist had probably gained his briefing from James Fu, the Press Secretary to Lee, who accompanied the Prime Minister on his visit to the United States.

6. The official said that he had recently briefed the Counsellor of the Indonesian Embassy on Lee's visit to the US. The Counsellor's main concern was to have it confirmed that Lee's visit was of a private nature thus not pre-empting President Suharto's official visit to the US in 1982.

*Graham Hawker*  
(Graham Hawker)  
First Secretary

CONFIDENTIAL

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## Influential Words of Advice For Reagan's Asia Policy

By ROBERT KEATLEY

SINGAPORE — The Prime Minister of this city-state went to Washington last week, in part to counsel President Reagan on how to deal with Asia.

Lee Kuan Yew said some things there which reflect his longtime concern with the great power balance in the region and how to deal with it. In doing so, he said some things Mr. Reagan almost certainly wanted to hear.

Moreover, though Mr. Lee is not an official spokesman for Asia (no one is), many of his concerns are shared at least in part by other Asian leaders. Thus, the articulate Mr. Lee probably did more than just share his personal thoughts about what are the region's security problems, and how America can help alleviate them. He may also have played a supporting role in giving clearer form to the still-new Reagan administration's somewhat shapeless Asia policy.

The concerns of Prime Minister Lee, and others are many. But several of them involve the Russians in one way or another.

Above all, these leaders want the U.S. to be seen in Asia as a true superpower, at least the equal of the Soviet Union, and with the will and ability to maintain that standing. They want the U.S. available as a credible and reliable friend, one with some consistency to its foreign policy — a quality they think has been absent in recent years.

### *The Region*

This includes the will to confront the Russians whenever needed and useful, as in, say, Afghanistan. "Resisting Soviet expansionism," Prime Minister Lee has said, remains an overriding need if Asians and others are to have faith in American "strength and stamina." This is precisely what Ronald Reagan has stated so many times.

Of course, this does not mean Mr. Lee or his neighbors necessarily want any such confronting done nearby; like other national leaders, they hope big power showdowns occur in other neighborhoods rather than on their own doorsteps, where it could bring them trouble.

Neither does it mean those leaders generally are disposed to join an overt alliance with the more assertive Washington they'd like to see; a somewhat distant friendship frequently suits their purposes — sympathetic, often supportive, yet not too close.

But they do think their own national security would be aided by an American policy with a bit more backbone. For many, American influence plummeted with the fall of Saigon and for years afterward continued

to decline. Jimmy Carter's 1977 efforts to pull out troops from South Korea and to disengage from Thailand aggravated this impression; many saw the U.S. then as loudly proclaiming devotion to Asian security while rapidly running away.

Some specific things must be done however, if perceptions are to be improved permanently.

One need, for such worriers as Mr. Lee, is a bigger U.S. military presence, notably an enlarged Seventh Fleet. The American navy keeps up appearances in Asia by borrowing and juggling. Ships have been routed to the Pacific from other oceans,

*Singapore's Prime Minister, Lee Kuan Yew, doesn't speak for Asia — nobody does — but his concerns and views are shared by leaders of neighboring countries.*

often to be rerouted to points nearer the Middle East since the Afghanistan invasion. They may still exceed the Soviet Pacific navy in power, but some Asians are more impressed by the fact that there is a rival navy in the region — something which didn't exist in earlier years. Growing Russian air and ship use of the fancy base in U.S. built at Cam Ranh Bay in Vietnam, helps make this possible.

As Mr. Lee has noted, the American presence has become a bit "rarified" and this is worrisome.

But simply pouring more money into armaments won't necessarily create confi-



dence that Washington knows what it's doing. There must be consistent political policies.

In Jimmy Carter's later days, some lost ground was regained. The decision to halt troop withdrawals from South Korea, give Thailand extra aid, and the stiffening post-Afghanistan attitude toward the Soviets are all cited as improvements. But President Reagan has a couple other political ties to sort out if Southeast Asians are to be reassured. Mr. Lee must have told him so as they dined and talked in Washington.

One is the China relationship, which U.S. Secretary of State Alexander Haig just



finished working on in Peking, even if its not immediately fully apparent how far the Sino-American strategic relationship has been advanced as a result. Most noncommunist Asian leaders agree the relationship is doubly valuable — it not only restrains the Russians but should also restrain the Chinese if some future regime gets adventurous. But there is concern that things might go too far.

The recent Japanese furor over whether or not Tokyo has an "alliance" with Washington illustrates the problem. This uproar, admittedly a domestic squabble as well as symbolic of Japanese doubts about their

world role, produced a foreign minister's resignation, and more recently a refusal to spend as much on defense as the Americans sought. In this part of Asia, the Tokyo-Washington relationship now looks a bit tattered, and that is worrisome too.

China is one important reason. If Japanese reliability diminishes, the U.S. could well depend more on Peking as a counter to the Soviets. But giving China too big a role might make possible a Peking effort to exert more say over Southeast Asian matters. That worries Malaysia and Indonesia, which have special fears about China as a long term security threat. So they, and some others, want the Japanese deeply involved as well, if only to limit China's influence. Whether President Reagan understands the point, or even much cares, is unknown, but he almost certainly heard it expressed forcefully by Prime Minister Lee last week.

Mr. Lee is especially worried because China's emergence could cause other Southeast Asians to accept both Vietnam's control over Indochina and the Russian presence there. They would do so not because they like Vietnamese invasions or Russian ships — they don't — but because they want Vietnam as a buffer between themselves and China. Thus Mr. Reagan, who sees Russians rather than Chinese as the main adversary, was counseled to keep this from happening.

One way is to keep up pressure on Vietnam, making its occupation of Kampuchea so expensive that it must eventually make peace. Then the Western world should rush in with aid and help speed a Russian exit. Unfortunately, this goal can be stated clearly, but effective policies for achieving it are more difficult to find: Whether Mr. Lee or anyone else can point the U.S. along this path remains unproved.

Finally, the U.S. President also heard praise for his economic objectives, although less for some of their current symptoms — 20% interest rates, trade protection and a strong dollar. What such men such as Mr. Lee are seeking are signs the U.S. will sacrifice a bit at home to strengthen its presence overseas, despite the monetary and political bills.

But just how much Mr. Reagan wants to make voters sacrifice is unknown. Cutting benefits for pensioners so there can be more steaming days in the Malacca Straits, for instance, may be more than the American political system can bear. Thus it's still unclear if Mr. Lee and others will find a new American determination to back up some new American rhetoric.

*Robert Keatley is the editor of The Asian Wall Street Journal.*



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--MARCOS BEGINS NEW TERM WITH STRONG U.S. BACKING--  
BY FERNANDO DEL MUNDO

MANILA, PHILIPPINES, JUNE 24 (UPI)--PRESIDENT FERDINAND MARCOS, WHO HAS FIRMLY HELD THE REINS OF POWER IN THIS ISLAND NATION FOR 16 YEARS, TAKES OFF ON A NEW SIX-YEAR TERM TUESDAY WITH THE UNITED STATES SOLIDLY BEHIND HIM.

TO SHOW THE IMPORTANCE THE UNITED STATES ATTACHES TO THIS STRATEGIC SOUTHEAST ASIAN NATION, U.S. PRESIDENT RONALD REAGAN IS SENDING HIS VICE PRESIDENT, GEORGE BUSH, TO REPRESENT WASHINGTON AT THE MARCOS INAUGURATION.

THE PHILIPPINES HAS ALWAYS ENJOYED AMERICAN BACKING, BUT IN THE PAST IT HAS BEEN CLOUDED BY SUCH ISSUES AS HUMAN RIGHTS DURING THE ADMINISTRATION OF FORMER U.S. PRESIDENT JIMMY CARTER.

WITH REAGAN IN THE WHITE HOUSE, THE UNITED STATES CLEARLY HAS CAST ITS LOT WITH THE 63-YEAR-OLD MARCOS, WHO EASILY WON THE FIRST PRESIDENTIAL ELECTIONS IN THE PHILIPPINES IN 12 YEARS JUNE 16.

MARCOS RAN VIRTUALLY UNOPPOSED. OPPOSITION POLITICIANS STAYED AWAY FROM THE RACE AND MOUNTED A BOYCOTT CAMPAIGN. THE 12 VIRTUALLY UNKNOWN CANDIDATES WHO CHALLENGED MARCOS WERE CRUSHED.

TWO DAYS AFTER THE ELECTIONS, U.S. SECRETARY OF STATE ALEXANDER HAIG, WHO CAME TO ATTEND AN IMPORTANT ASIAN MEETING, CALLED ON MARCOS AND PRAISED HIS +WONDERFUL VICTORY.+

HAIG TOLD THE FILIPINO LEADER A +NEW AMERICA+ WAS PREPARED TO TREAT THE PHILIPPINES +NOT IN A DOMINATING WAY... BUT IN TRUE PARTNERSHIP, IN EQUALITY AND FRIENDSHIP.+

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HAIG PRESENTED A LETTER FROM REAGAN CONGRATULATING MARCOS' ELECTION AND PLEDGING THAT THE UNITED STATES WILL HELP THE PHILIPPINES FIGHT U.S.-BASED FILIPINO EXILES ALLEGEDLY ORCHESTRATING A TERRORIST CAMPAIGN IN MANILA.

THE GENERAL FEELING IN THE UNITED DEMOCRATIC OPPOSITION PARTIES (UNIDO), A COALITION OF EIGHT POLITICAL PARTIES, HAIG'S ACTIONS, COMING BARELY 48 HOURS AFTER THE BALLOTING WHEN THE RESULTS WERE STILL INCONCLUSIVE, WERE UNCALLED FOR.

+IT'S VERY CLEAR THAT THE UNITED STATES IS PROPPING UP THE MARCOS DICTATORSHIP,+ SAID A UNIDO MEMBER. +THE ELECTIONS WERE ALL A SHOW.+

OPPOSITION SOURCES SAID UNIDO HAD PLANNED TO DRAFT A MARCOS INDICTMENT TO BE PRESENTED TO HAIG. THE OPPOSITION DECIDED AGAINST IT AFTER LEARNING OF HAIG'S STATEMENT AT THE PALACE.

FORMER PHILIPPINE PRESIDENT DIOSDADO MACAPAGAL SAID MARCOS WAS DRIVING THE PHILIPPINES TO A +VIOLENT CHANGE.+ HE SAID THE UNITED STATES ALSO MUST BEAR RESPONSIBILITY FOR THE +DESTRUCTION OF PHILIPPINE DEMOCRACY.+

MARCOS CAME TO POWER IN 1965 AND WAS REELECTED IN 1969 TO AN UNPRECEDENTED SECOND FOUR-YEAR TERM THAT WAS TO END IN 1973. LAST JANUARY, HE LIFTED EIGHT YEARS OF MARTIAL LAW, KEPT HIS AUTHORITARIAN POWERS INTACT AND ORDERED THE HOLDING OF THE PRESIDENTIAL BALLOTING.

DURING HIS EMERGENCY RULE, MARCOS REPEATEDLY SAID THAT NO MODERATE CAN TAKE OVER +A SOCIETY IN DISARRAY,+ CITING LEFTIST AND RIGHTIST CONSPIRACIES AND A BLOODY MOSLEM SEPARATIST INSURGENCY AT THE COUNTRY'S BACKDOOR.

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INDICTMENT TO BE PRESENTED TO HAIG. THE OPPOSITION DECIDED AGAINST IT AFTER LEARNING OF HAIG'S STATEMENT AT THE PALACE.

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MARCOS HAD WARNED THE UNITED STATES ON MANY OCCASIONS, +IF FOR ANY REASON BY FORCE OR COMPULSION OR BY ANY ILLEGAL MEANS YOU CHANGE THE POWER NOW IN THE PHILIPPINES, THE COMMUNISTS WILL TAKE OVER THE GOVERNMENT AND YOUR BASES IN THE PHILIPPINES WILL BE ENDANGERED.+

THE UNITED STATES MAINTAINS THE SPRAWLING SUBIC BAY NAVAL BASE, A REPAIR AND LOGISTICS CENTER THE 7TH FLEET, AND CLARK AIR FORCE BASE, HOME OF THE 13TH AIR FORCE.

ADM. ROBERT LONG, COMMANDER OF U.S. FORCES IN THE PACIFIC, RECENTLY ACKNOWLEDGED THE U.S. BASES IN THE PHILIPPINES HAVE TAKEN A QUANTUM LEAP IN IMPORTANCE. HE SAID THE SOVIET PACIFIC FLEET IS THE LARGEST IN THE WORLD. THE FORMER U.S. BASE AT CAM RANH BAY IN VIETNAM HAS BECOME A SOVIET PORT.

+THE ALTERNATIVES TO THE UNITED STATES BASES IN THE PHILIPPINES, IN MY JUDGMENT, WOULD PUT THE UNITED STATES AND THE FREE WORLD AT A VERY SERIOUS DISADVANTAGE,+ LONG TOLD AMERICAN BUSINESSMEN IN MANILA LAST MAY.

MARCOS ALSO NEEDS THE AMERICANS. HE BADLY NEEDS LOANS TO PROP UP A SAGGING ECONOMY IN THE FACE OF ERRATIC PRICES FOR THE PHILIPPINES'S TRADITIONAL EXPORT CROP. AND HE NEEDS AMERICAN INVESTMENTS. U.S. PATRONAGE CROP. AND HE NEEDS AMERICAN INVESTMENTS. U.S. PATRONAGE ALSO IS VALUED IN THIS NATION THAT ONCE WAS AMERICA'S ONLY COLONIAL POSSESSION OUTSIDE THE WESTERN HEMISPHERE.

WITH MARTIAL LAW IN FORCE, THE AMERICANS, HOWEVER, COULD NOT COME OUT OPENLY IN SUPPORT OF MARCOS AFTER ALL, THEY HELPED MAKE THE PHILIPPINES AMERICA'S +SHOWCASE OF DEMOCRACY+ IN ASIA. BUT WITH FACADE OF EMERGENCY GONE, THE UNITED STATES NOW IS WHOLEHEARTEDLY SUPPORTING MARCOS.

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DEPARTMENT OF FOREIGN AFFAIRS

**AUSTEO** INWARD CABLEGRAM

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TO.  
RR CANBERRA/8273

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RR BANGKOK/806 JAKARTA/697 KUALA LUMPUR/526  
RR MANILA/877 SINGAPORE/462 PEKING/691

FM. WASHINGTON /

SECRET

250/10/17/2

SECRET

SINGAPORE/UNITED STATES RELATIONS - VISIT OF PRIME MINISTER  
LEE KUAN YEW

SENSITIVE COMMENT CONTAINED IN THE FOLLOWING.

WE OBTAINED THE FOLLOWING INFORMATION AND COMMENT FROM COOMARASWAMY, SINGAPORE AMBASSADOR IN WASHINGTON, ON LEE'S PRIVATE VISIT TO WASHINGTON FROM 17-19 JUNE. AS REPORTED EARLIER THE VISIT WAS TREATED AS PRIVATE AND CONFIDENTIAL OUT OF DEFERENCE TO INDONESIAN SENSITIVITIES PENDING AN OFFICIAL DECISION AND THEREFORE ANNOUNCEMENT ON THE OFFICIAL VISIT TO BE MADE LATER IN THE YEAR BY PRESIDENT SUHARTO. WE WERE TOLD THAT IN FACT PRESIDENT REAGAN EXPRESSED A PARTICULAR WISH TO SEE LEE KUAN YEW AS SOON AS POSSIBLE IN ORDER TO SOUND HIM OUT ON VARIOUS CURRENT INTERNATIONAL QUESTIONS, PARTICULARLY THOSE AFFECTING SOUTH EAST ASIA. IN VIEW OF THE POTENTIAL COMPLICATION CONNECTED WITH THE INDONESIAN VISIT LEE HAD AGREED THAT HIS VISIT SHOULD BE A PRIVATE ONE.

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2. COOMARASWAMY WAS NOT PRESENT DURING THE PRIVATE DISCUSSION BETWEEN REAGAN AND LEE AND ALL COMMENTS ARE BASED ON REMARKS MADE DURING DISCUSSIONS IN WHICH OFFICIALS WERE INCLUDED AND ALSO A DINNER GIVEN BY PRESIDENT REAGAN FOR LEE.

3. ON CHINA REAGAN TOLD LEE CANDIDLY THAT FROM ALL HIS READING OF BOTH PUBLIC AND OFFICIAL CONFIDENTIAL REPORTS HE DID NOT FIND THE LEADERS IN PEKING CONGENIAL BUT HE COULD RESPECT THEM AND UNDERSTAND WHAT THEY WERE TRYING TO DO. REAGAN SAID THAT HE KNEW THE TAIWANESE LEADERS BETTER AND COULD GET ALONG WITH THEM. NEVERTHELESS HE WAS NOT AIMING TO ESTABLISH AN UNBALANCED POLICY TOWARDS CHINA. HE HAD INHERITED A CHINA POLICY THAT GAVE PRE-EMINENCE TO RELATIONS WITH THE PRC AND HE HAD NO INTENTION OF DISMANTLING IT.

4. LEE EXPRESSED SERIOUS CONCERN ABOUT THE STEADY DEEPENING OF SOVIET PENETRATION IN ASIA AND REFERRED IN PARTICULAR TO THE BUILD-UP OF A SOVIET PRESENCE IN VIETNAM AND KAMPUCHEA, ESPECIALLY THE

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DEPARTMENT OF FOREIGN AFFAIRS

**AUSTEO**  
INWARD CABLEGRAM

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ESTABLISHMENT OF A SOVIET PRESENCE AT KOMPONG SOM IN THE GULF OF SIAM. REAGAN AND OTHER SENIOR AMERICAN MINISTERS AND OFFICIALS AGREED WITH THE GRAVITY OF LEE'S CONCERN. THE SUBJECT OF KAMPUCHEA DID NOT LOOM PARTICULARLY LARGELY IN LEE'S DISCUSSIONS WITH PRESIDENT REAGAN AND OTHER SENIOR AMERICANS MAINLY BECAUSE THERE WAS A CLOSE IDENTITY OF VIEWS ALREADY ESTABLISHED. LEE WAS SOMEWHAT SURPRISED BY THE DEGREE OF AMERICAN ENTHUSIASM FOR AND CONFIDENCE IN SON SANN AND HE WAS COMPELLED TO COMMENT THAT WHILE HE AGREED WITH THE NEED TO ENCOURAGE THE FORMATION AND EFFECTIVENESS OF A NON COMMUNIST RESISTANCE IN KAMPUCHEA, SON SANN HAD YET TO DEMONSTRATE HIS ABILITY AS A RESISTANCE LEADER. LEE AGREED STRONGLY WITH UNITED STATES VIEWS THAT ON NO ACCOUNT MUST POL POT AND HIS KHMER ROUGE BE GIVEN THE OPPORTUNITY TO REGAIN ~~POWER~~ UNCHECKED IN KAMPUCHEA.

SECRET

5. LEE SPOKE FRANKLY TO THE PRESIDENT, AND OTHERS, PARTICULARLY REGAN, ABOUT THE CRUCIAL ROLE TO BE PLAYED BY PRESIDENT REAGAN'S ECONOMIC POLICIES. LEE FELT THAT THE PRESIDENT'S DRIVE TO RESTORE CONFIDENCE IN AND THE MOTIVE POWER OF THE UNITED STATES ECONOMY WOULD BE THE KEY TO THE SUCCESS OF HIS INTERNATIONAL POLICIES. IN PARTICULAR PRESIDENT REAGAN'S WELCOME BID TO REBUILD UNITED STATES MILITARY STRENGTH COULD NOT SUCCEED WITHOUT THE RESTORATION OF AMERICAN ECONOMIC STRENGTH.

6. LEE'S SUMMING UP OF REAGAN WAS THAT HE WAS NOT 'A GEO-POLITICIST' IN HIS APPROACH BUT THAT HE WAS MANIFESTLY A PRESIDENT ABLE TO DEVISE CLEAR POLICIES AND THEN HOLD TO THEM AND CARRY THEM OUT WITH LUCIDITY AND TENACITY. ON THE WHOLE OUR INFORMANT SAID THAT LEE LEFT WASHINGTON CONSIDERABLY REASSURED BY HIS DISCUSSIONS WITH REAGAN AND SENIOR MEMBERS OF HIS ADMINISTRATION. DURING HIS VISIT HE HAD PRIVATE DISCUSSIONS WITH VICE-PRESIDENT BUSH, SECRETARY OF DEFENCE, WEINBURGER, SECRETARY OF THE TREASURY, REGAN, UNDER-SECRETARY STOESEL, NSA DIRECTOR, RICHARD ALLEN AND CIA DIRECTOR, CASEY. YOU WILL REALISE THAT HAIG TOGETHER WITH SENIOR OFFICIALS SUCH AS HOLDRIDGE HAD LEFT WASHINGTON BY THE TIME LEE ARRIVED.

ACTION: MR P.G.F. HENDERSON

PRIME MINISTER  
FOREIGN MINISTER  
MIN DEFENCE  
SIR GEOFFREY YEEND  
MR N J ATTWOOD  
ADMIRAL SIR A SYNNOT  
MR M J COOK  
MR A W MCMICHAEL

SECRET

**AUSTEO**



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DEPARTMENT OF FOREIGN AFFAIRS

# AUSTEO INWARD CABLEGRAM

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ACTION: \*MR PETERS (SEA)\*  
          \*MR JACKSON (ANZ)\*

\*MR HENDERSON (SEC)\*  
\*MR FEAKES (DEPSEC-B)\*  
\*MR NUTTER (FAS(SEP))\*  
\*MR ARGALL (FAS(NSA))\*  
\*MR BOWAN (FAS(EANZ))\*  
\*MR CURTIS (FAS(DN))\*  
\*MR HAWKE (DPR)\*

SECRET

SECRET



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218

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URGENT  
LEE 1

SINGAPORE, JUNE 15 (AFP) - PRIME MINISTER LEE KUAN YEW WILL HAVE TALKS WITH PRESIDENT RONALD REAGAN AND OTHER AMERICAN LEADERS IN WASHINGTON LATER THIS WEEK. IT WAS LEARNED HERE TODAY.

AN OFFICIAL ANNOUNCEMENT OF MR LEE'S WEEK-LONG WORKING VISIT IS EXPECTED HERE THIS EVENING OR TOMORROW.

MR LEE, WHO IS EXPECTED TO LEAVE HERE WEDNESDAY WILL ALSO MEET VICE-PRESIDENT GEORGE BUSH AND DEFENCE SECRETARY CASPAR WEINBERGER.

IT IS UNLIKELY MR LEE WILL MEET SECRETARY OF STATE ALEXANDER HAIG WHO IS NOW IN CHINA AND WILL LATER ATTEND THE EXPANDED ASEAN (ASSOCIATION OF SOUTHEAST ASIAN NATIONS) FOREIGN MINISTERS CONFERENCE AND THE ANZUS TREATY MEETING.

MORE/P/07.28 151610

EXR187  
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LEE 2 LAST (SINGAPORE)

MR LEE IS THE FIRST ASEAN LEADER TO VISIT THE UNITED STATES SINCE THE REPUBLICAN ADMINISTRATION TOOK OFFICE.

LESSER OFFICIALS HAVE, HOWEVER, EXCHANGED VIEWS WITH THE ADMINISTRATION AND AMONG THEM ARE SINGAPORE'S DEPUTY PRIME MINISTER SINNATHAMBY RAJARATNAM AND THAILAND'S FOREIGN MINISTER AIR MARSHAL SIDDHI SAVETSILA.

MR LEE WILL HAVE DISCUSSIONS WITH MR REAGAN ON THE INTERNATIONAL SITUATION AND DEVELOPMENTS IN THE SOUTHEAST ASIAN REGION.

SINCE THE VIEWS OF THE TWO LEADERS CONVERGE ON MANY ISSUES, SUCH AS THE SOVIET THREAT TO INTERNATIONAL PEACE AND THE NEED FOR MORE MILITARY CLOUT IN THE REGION, THE TALKS ARE EXPECTED TO CONSOLIDATE RELATIONS BETWEEN THE TWO COUNTRIES.

AFP/P/06.30 151613



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

O.SI45637 KPMO  
TOR 1830 15.06.81

O.SI45637 1550 15.6.81 CLA

TO.  
PP CANBERRA/2657

RP.  
RR WASHINGTON/350 KUALA LUMPUR/4329 BANGKOK/2535  
RR MANILA/1823 JAKARTA/4002

FM. SINGAPORE / FILE 1209/2

250 110/7/16.

C O N F I D E N T I A L

LEE KUAN YEW

THE US EMBASSY HAS INFORMED US THAT LEE KUAN YEW WILL LEAVE SINGAPORE ON 15 JUNE ON A PRIVATE AND UNOFFICIAL VISIT TO THE UNITED STATES. HE IS EXPECTED TO BE AWAY FOR ABOUT A WEEK AND WILL HAVE LUNCH WITH PRESIDENT REAGAN IN WASHINGTON ON 19 JUNE.

ACTION: DEP FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
SPEC. ADVISER TO P.M  
JIO

ACTION: SEA JBAC  
ANZ JBAH

SEC	DEPSECS	PPU	LA	EX	MCO	PA
FAS(SEP)	FAS(NSA)	FAS(EANZ)	FAS(DN)			
DEF	DPR	FAS(IOAME)	FAS(ECO)	FAS(LT)		
FAS(MFS)	FAREP-M	FAREP-P	FAREP-S			

BRUSSELS HANOI LONDON MEXICO CITY MOSCOW NEW DELHI OTTAWA  
PARIS EMB PEKING PORT MORESBY RANGOON TOKYO VIENTIANE

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216  
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File No. 250/10/7/16

**DEPARTMENT OF FOREIGN AFFAIRS**

Record of Conversation with H.E. Mr Low Chun Ming, High Commissioner of Singapore

on 3 April, 1981

Officers Present

Mr R. S. Laurie, Acting First Assistant Secretary,  
EANZ Division

Mr W. A. Wise, United States Section

MAIN SUBJECTS (S): U.S./SOVIET RELATIONS, REAGAN ADMINISTRATION,  
CAMBODIAN SITUATION

Mr Low referred to the strong anti-Soviet stance adopted by the new Administration in Washington and to hints that Washington would conduct bilateral relations with other countries on the basis of the way those countries handled their relations with the Soviet Union. He asked whether the Australian Government felt that this was a likely development. Mr Laurie said that it would be premature to make such judgements, as the Administration had not yet worked out the details of its foreign policy. While it was clear that the United States intended to improve its defences, and while there was strong, consistent rhetoric on the part of Reagan, Haig and Weinberger on broad issues, it was not clear how the Administration would handle individual policy issues. There had been no suggestion that the key to bilateral relationships would be the way other countries dealt with the Soviet Union. The remarks attributed to Pipes of the National Security Council Staff on West Germany's policies towards the Soviet Union had been unfortunate. Genscher was now in Moscow and was meeting Gromyko and Brezhnev. The Administration had not criticised his visit, even though the United States itself was not ready for such talks. Signals were rather mixed as to how the United States would be handling its own relations with the Soviet Union. For example, the Administration had indicated that it was prepared to discuss arms control, although it had rejected, in connection with the Theatre Nuclear Force, the Soviet proposals for a

../2.

**DISTRIBUTION:**

Secretary

FAS NSA, SEAP

SA ANZ ~~EUR~~ SEA

Singapore

ACTION:

Report prepared by

W. A. Wise

8/4/81

*Thanks, 8/10/81*  
**CONFIDENTIAL**



CONFIDENTIAL

215

2

moratorium. The grains embargo still remained in place. The process of policy formulation was slow and the attempted assassination of Reagan would slow things down even more. Bush could preside, it was true, but the evolution of policy and decision-making would be affected, and this was cause for some concern. The visit by Haig in the Middle East was another aspect of the comprehensive, in-depth review process in which the Administration was engaging. When urgent decisions had to be made, as on El Salvador, or, hypothetically, on Poland, the Administration seemed to be making them reactively.

2. Mr Laurie noted that one positive feature of the Administration's style was its greater disposition to consult with allies. The Australian Government had found the procedures vastly improved, with ample opportunities available to express views through channels that were wide open. The United States was no longer leaping off into action without warning. The decision to review their Law of the Sea policy was an exception. Prior consultations on that decision had been less than clear or adequate. Australia had, however, found the United States to be receptive to our views on the review itself. In general the dialogue was good, and there appeared to be a more purposeful effort on the part of the Administration to consult and reach consensus with allies, even if clear, coherent policies on such issues as the Middle East and Afghanistan had still to emerge. Mr Low agreed that the Administration appeared to be making efforts to consult, mentioning a lunch for ASEAN heads of mission in Washington, and the commitment by Haig to attend the post-ASEAN Foreign Ministers' meeting.

3. In response to a question from Mr Low on the planning for the 1981 ANZUS Meeting, Mr Laurie said that it was too early to tell what might be discussed. The participants would want to see how events unfolded before looking at an agenda, but among the subjects that would come up might be Afghanistan and the Indian Ocean, and other matters which became burning issues in the period before the meeting in the way Afghanistan had before the 1980 meeting.

4. Mr Low referred to the difficult internal situation in China and Chinese concerns about United States intentions with regard to Taiwan. Mr Laurie agreed that campaign rhetoric had caused the Chinese

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to worry, but thought that the Administration was very sensitive to their concerns, and had made some gestures to allay Chinese suspicions, such as the despatch of former President Ford to Peking and the receiving of the Chinese Ambassador in Washington. This was not to say that problem issues, notably the question of military sales to Taiwan, had been removed. The United States saw China in strategic as well as bilateral terms and was making the sort of noises the Chinese wanted to hear.

5. Mr Low said that from Singapore's point of view the number one issue remained the Cambodian problem. (The current coup attempt in Bangkok, which at first appeared to be a serious matter, now seemed to be resolving itself.) The goal for Kampuchea remained to have the Vietnamese leave and to have free and fair elections. The United States, which had already committed itself to voting at the UNGA for credentials for Democratic Kampuchea, was being very helpful and positive. ASEAN countries had been appreciative of this, contrasting it with the previous experience when the United States had indicated the decision on a credentials vote would be made closer to UNGA. ASEAN understood that other countries that wanted to help in this way had problems with public opinion. ASEAN was now pushing ahead for the international conference on Kampuchea which was planned for 1 May with or without Vietnam in attendance. It was to be a conference under United Nations auspices.

6. Mr Low said that there was some confusion outside the immediate region on the distinction between the "United Front" in Kampuchea and the "Third Force". Some thought these groups were the same thing. In fact, the United Front was a grouping of all resistance forces, including the Communists, while the Third Force was a non-Communist grouping. The ideal plan was for the United Front to succeed against the Vietnam militarily, and then for the Third Force to take up a political role in Phnom Penh while the DK elements faded away. In response to Mr Laurie's point that the Vietnamese were unlikely to leave Kampuchea as long as the Chinese supported the opposition forces, Mr Low agreed that this was a problem, but noted that China was not taking the lead. ASEAN was most concerned not to let the present Cambodian situation become a fait accompli.

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7. Mr Low, commenting, at Mr Laurie's request, on Singapore's relations with the Soviet Union, said that while the Soviet Union would not be happy with the statements made by Singaporean leaders, it could discern that Singapore was not anti-Soviet per se but was opposed to particular Soviet actions. Trade between the two countries was moving ahead. Soviet visitors were carefully vetted, and the affairs of the Moscow Narodny Bank in Singapore had been kept in check. Each side knew the other's feelings towards it, and there was an attitude of business as usual. After Afghanistan Singapore had operated its ship repair facilities on a selective basis in respect of Soviet vessels, with certain classes being excluded. Lee Kwan Yew's planned visit to Moscow had been cancelled by the Soviet side but the Singaporeans had accepted that this was because of Kosygin's illness. Mr Laurie noted that the atmosphere and tone of Australia's relations with the Soviet Union were bad, but that trade continued as usual.

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212  
File No. 250/10/7/16  
*Mr. Laurie o/r.*  
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Secretary

FAS NSA, SEAP

SA ANZ EUR SEA

Singapore

ACTION:

../2.

*W. A. Wise*  
Report prepared by W. A. Wise  
8/4/81

**CONFIDENTIAL**



211  
**CONFIDENTIAL**

2

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**CONFIDENTIAL**

209

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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.SI43558 MJWO  
TOR 1423 24.03.81

O.SI43558 1145 24.3.81 CLA

TO.  
RR CANBERRA/1067

250/10/7/16

RP.  
RR KUALA LUMPUR/4051 MANILA/1695 WASHINGTON/318  
RR JAKARTA/3834 BANGKOK/2398

FM. SINGAPORE /

C O N F I D E N T I A L

SINGAPORE : VISIT OF EX U.S. PRESIDENT FORD

ABSTRACT : SINGAPORE OFFICIALS HAVE EXPRESSED SATISFACTION OVER EX PRESIDENT FORD'S VISIT AND IN COMPARING THE TONE AND SUBSTANCE OF HIS REMARKS WITH THOSE OF DEPUTY ASSISTANT SECRETARY OF STATE NEGROPONTE THEY FEEL THAT FORD HAD SOME KIND OF BRIEF TO ACT AS A SPOKESMAN FOR PRESIDENT REAGAN.

NATHAN, FIRST PERMANENT SECRETARY MFA, ON 23 MARCH SAID THAT SINGAPORE HAD BEEN PLEASED AS WELL AS ENCOURAGED BY FORD'S VISIT AND WHAT HE HAD TO SAY. IN HIS DISCUSSIONS WITH PRIME MINISTER, RAJARATNAM AND DHANABALAN, HE HAD SAID THE SAME SORTS OF THINGS THAT HE HAD SAID PUBLICLY. HIS MESSAGE HAD BEEN THAT THE NEW U.S. GOVERNMENT WAS READY AND WILLING TO LIVE UP TO ITS COMMITMENTS AND SUPPORT ITS ALLIES WITH STEADFASTNESS. FORD HAD BEEN PARTICULARLY RE-ASSURING ON THE ADMINISTRATIONS ATTITUDE TOWARDS THE KAMPUCHEAN ISSUE.

3. THE VISIT OF NEGROPONTE, DEPUTY ASSISTANT SECRETARY OF STATE FOR FAR EASTERN AFFAIRS, HAD CONFIRMED THE SINGAPOREANS' IMPRESSION THAT FORD DOUBTLESS HAD SOME SORT OF A ROLE DURING HIS WORLD TOUR TO SPEAK AUTHORITATIVELY FOR PRESIDENT REAGAN. NEGROPONTE HAD SPOKEN IN TERMS SIMILAR TO FORD. HE HAD TOLD NATHAN THAT THE USA WOULD NOT WAIVER ON THE DK CREDENTIAL ISSUE. NATHAN COMMENTED THAT IN ADDITION THEY HAD BEEN ENCOURAGED TO HEAR THAT MR STREET IN TALKING TO THE AMERICANS HAD BEEN STRONGLY POSITIVE ON THIS ASPECT ALSO.

3. THE AMERICAN AMBASSADOR (THAYER) COMMENTED AGAIN TO THE HIGH COMMISSIONER ON THE SUCCESS OF FORD'S VISIT. THAYER SAID THAT HE HAD BEEN STRUCK PARTICULARLY BY THE GENUINE WARMTH OF LEE'S MANNER IN HIS DISCUSSIONS WITH FORD. FORD HAD RESPONDED VERY WELL AND OVERALL HIS VISIT HAD LEFT BEHIND AN IMPRESSION OF STRENGTH AND COHERENCE ON THE PART OF THE REAGAN ADMINISTRATION WHICH LEE KUAN YEW AND OTHERS HAD FOUND RE-ASSURING.

.../2

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207

DEPARTMENT OF FOREIGN AFFAIRS

# INWARD CABLEGRAM

2-0.5143558

ACTION: DEP FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
JIO

CONFIDENTIAL

CONFIDENTIAL

ACTION: SEA JBAC  
SA  
ANZ JBAH

SEC	DEPSECS	EX	MCO	PA	FAS(SEP)
FAS(NSA)	NA	FAS(EANZ)		FAS(DN)	DEF
DPR	FAS(IOAME)				

HANOI LONDON MOSCOW NEW DELHI PEKING VIENTIANE



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

O.SI43437 BOMA  
TOR 1907 18.03.81

O.SI43437 1630 18.3.81 CLA

TO.  
RR CANBERRA/973

250/10/7/11

RP.  
RR BANGKOK/2390 KUALA LUMPUR/4036 JAKARTA/3826  
RR MANILA/1688

FM. SINGAPORE /

RESTRICTED

R E S T R I C T E D

SINGAPORE : VISIT BY EX-U.S. PRESIDENT GERALD FORD

EX-PRESIDENT FORD VISITED SINGAPORE IN THE COURSE OF AN OVERSEAS TRIP AS A MEMBER OF THE BOARD OF THE NEW YORK FINANCIAL SERVICES COMPANY, SHEARSON LOEB RHOADES. IT WAS APPARENT, HOWEVER, THAT HE WAS TO SOME EXTENT ALSO ACTING AS AN UNOFFICIAL SPOKESMAN FOR THE REAGAN ADMINISTRATION. ACCORDING TO AMERICAN AMBASSADOR (THAYER) FORD HAD LENGTHY AND POSITIVE CALLS ON AND DISCUSSIONS WITH THE FOREIGN MINISTER, THE DEPUTY PRIME MINISTER (RAJARATNAM) AND PRIME MINISTER LEE. LEE RECEIVED FORD WITH PARTICULAR WARMTH WITH FORD RECALLING WITH GRATITUDE LEE'S UNEQUIVOCAL SUPPORT FOR FORD'S ACTION IN RESCUING THE MAYAGUEZ FROM THE KHMERS ROUGES IN 1975.

*What he  
can do  
when is  
in a  
to walk  
the more  
time!*

2. AT A LARGE RECEPTION GIVEN BY SHEARSONS, FORD MADE A SPEECH IN WHICH WITH CLARITY AND CONVICTION HE DESCRIBED THE MAIN BASIC AIMS OF PRESIDENT REAGAN'S FOREIGN POLICY. HE STATED THAT THE NEW U.S. ADMINISTRATION'S POLICY WAS THAT OF BEING 'FIRM, CONSISTENT AND STEADFAST'. HE ADDED 'IT IS FIRM BUT NOT CONFRONTATIONAL. IT IS CONSISTENT SO THAT FRIENDS AND ADVERSARIES KNOW THAT WE WILL NOT CHANGE POLICIES OVER THE WEEKEND. IT IS STEADFAST BECAUSE WE WILL BE PERSISTENT ONCE A DECISION IS MADE. THIS WILL BE REASSURING TO ALLIES AND SERVE AS A WARNING TO ADVERSARIES'.

3. FORD SAID THAT HE WISHED ALSO TO REASSURE OTHER COUNTRIES OF HIS CONFIDENCE IN THE CORRECTNESS OF THE NEW ADMINISTRATION'S ECONOMIC POLICIES. FORD'S BRIEF ADDRESS WAS EXTRAORDINARILY WELL RECEIVED BY HIS AUDIENCE WITH A NUMBER OF LEADING SINGAPOREANS BUSINESS FIGURES EXPRESSING WARM SATISFACTION. ON SENIOR BANKER COMMENTED TO THE HIGH COMMISSIONER THAT IT WAS VITAL FOR SINGAPORE'S FUTURE TO BE ASSURED OF FIRM AMERICAN SUPPORT FOR THE COUNTRIES OF SOUTH EAST ASIA.

RESTRICTED

.../2

*M. G. Brown*



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.SI43437

ACTION: DEP FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
JIO

RESTRICTED

RESTRICTED

ACTION: SEA  
ANZ

JBAC  
JBAH

SEC	DEPSECS	PPU	LA	EX	MCO	PA
FAS(SEP)	FAS(NSA)	FAS(EANZ)	FAS(DN)			
DEF	DPR	FAS(IOAME)	FAS(ECO)	FAS(LT)		
FAS(MFS)	FAREP-M	FAREP-P	FAREP-S			

BRUSSELS HANOI LONDON MEXICO CITY MOSCOW NEW DELHI OTTAWA  
PARIS EMB PEKING PORT MORESBY RANGOON TOKYO VIENTIANE  
WASHINGTON



DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.SI41663 DRHA  
TOR 1718 08.01.81

O.SI41663 1340 8.1.81 UNC

TO.  
RR CANBERRA/9619RP.  
RR KUALA LUMPUR/3847 BANGKOK/2279 TOKYO/222  
RR JAKARTA/3706 MANILA/1612

FM. SINGAPORE / FILE 1501

250/10/7/16

U N C L A S S I F I E D

LEE KUAN YEW - INTERVIEW BY ASAHI SHIMBUN

ON 7 JANUARY THE ASAHI SHIMBUN GAVE PROMINENT FRONT PAGE TREATMENT TO AN INTERVIEW WITH LEE KUAN YEW WHICH MUST BE SEEN AS SETTING THE STAGE FOR PRIME MINISTER SUZUKI'S VISIT TO ASEAN COUNTRIES AND HIS VISIT TO SINGAPORE STARTING ON 13 JANUARY. FOR THE SAME REASONS THE INTERVIEW HAS BEEN EXTENSIVELY REPORTED IN THE SINGAPORE PRESS.

2. IN THE INTERVIEW, LEE WARNED THAT THE UNITED STATES ALONE WAS NO LONGER ABLE TO ENSURE INTERNATIONAL POLITICAL AND ECONOMIC ORDER AND THAT IN THE FUTURE THE UNITED STATES WOULD MORE THAN EVER NEED THE CO-OPERATION OF ITS ALLIES. HE SAID THAT THE SOVIET UNION WOULD CONTINUE TO INCREASE ITS STRENGTH AND EXPAND ITS INFLUENCE WORLD-WIDE UNTIL THE UNITED STATES, WESTERN EUROPE AND JAPAN COULD CONVINCE THE THIRD WORLD THEY COULD BE COUNTED ON TO CHECK SOVIET AGGRESSION. IF THIS COULD NOT BE DONE, THE WESTERN WORLD WOULD BE HELPLESS WHEN ITS ACCESS TO VITAL MATERIALS LIKE OIL AND MINERALS WAS BLOCKED. HE SAID THAT GREATER MILITARY SPENDING WOULD BE UNPOPULAR BUT IF THIS WAS NOT UNDERTAKEN, 'ALL MAY BE LOST'. DESPITE THEIR ECONOMIC HARDSHIPS, AS IN SUBSIDISING THE CUBANS AT HOME AND IN AFRICA, THE SOVIETS COULD BE EXPECTED TO EXPLOIT THEIR SUPERIORITY IN CONVENTIONAL AND NUCLEAR WEAPONS BY TAKING ADVANTAGE OF EVERY OPPORTUNITY OPEN TO THEM IN ANY PART OF THE WORLD WHICH WAS A STRATEGIC INTEREST TO THE SOVIET UNION.

3. ASKED FOR HIS VIEWS ON THE REAGAN ADMINISTRATION, LEE SAID THAT HE EXPECTED MORE CONSISTENT POLICIES DESIGNED TO RESTORE CONFIDENCE IN AMERICAN STRENGTH AND STAMINA, ESPECIALLY IN RESISTING SOVIET EXPANSIONISM. BUT WHETHER CONGRESS WOULD SUPPORT SPECIFIC REAGAN POLICIES WAS ANOTHER MATTER. MUCH WOULD DEPEND ON THE ATTITUDES OF THE AMERICAN MEDIA WHICH WOULD INFLUENCE THE VOTERS DAY BY DAY. MOREOVER, CONGRESSMEN DUE FOR RE-ELECTION IN 1982 WOULD BE UNLIKELY TO SUPPORT AN INCREASE IN WEAPONS SPENDING AND A BIGGER BUDGET DEFICIT WHEN INFLATION WAS STILL HIGH.

.../2



DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2-0.SI41663

4. ASKED ABOUT THE MODERNISATION OF THE CHINESE ECONOMY, LEE SAID THAT IT COULD ONLY SUCCEED IF THE AUTHORITIES ALLOWED MARKET FORCES TO OPERATE. HE BELIEVED THAT THE PRESENT CHINESE LEADERS WERE PREPARED TO DO THIS BUT HE WAS NOT CERTAIN OF THE EXTENT TO WHICH THEY WOULD ALLOW MANAGERS AND ENGINEERS TO MAKE DECISIONS ON PURELY ECONOMIC CONSIDERATIONS FREE OF THE INFLUENCE OF POLITICAL CADRES. HE EXPECTED THAT ECONOMIC PROGRESS WOULD BE VERY GRADUAL.

ACTION: DEP FOREIGN AFFAIRS  
ONA

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
JIO



DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

3-0.5141663

ACTION: PA LBCDB  
 SEA LBCDB  
 ANZ JBAC  
 JBAH

SEC DEPSECS PPU LA EX FAS(SEP)  
 FAS(NSA) NA SA FAS(EANZ) FAS(DN)  
 NPD DEF DPR FAS(IOAME) FAS(ECO)  
 FAS(LT) FAREP-M FAREP-P FAREP-S

BERLIN BERNE BONN BRUSSELS BUENOS AIRES CARACAS COPENHAGEN  
 GENEVA HANOI LIMA LISBON LONDON MADRID MALTA MEXICO CITY  
 MOSCOW NEW DELHI OTTAWA PARIS EMB PEKING PORT MORESBY RANGOON  
 ROME SANTIAGO DE CHILE STOCKHOLM THE HAGUE UN NEW YORK VIENNA  
 VIENTIANE WARSAW WASHINGTON WELLINGTON



201

DEPARTMENT OF FOREIGN AFFAIRS  
**AUSTEO**  
INWARD CABLEGRAM

O.SI41035 JCNI  
TOR 1523 03.12.80

O.SI41035 1135 3.12.80 CLA AUSTEO

TO.  
PP CANBERRA/9156

RP.  
RR BANGKOK/2248 MANILA/1597 JAKARTA/3675  
RR WASHINGTON/297 KUALA LUMPUR/3766

FM. SINGAPORE /

C O N F I D E N T I A L

SINGAPORE : VISIT OF RAY CLINE

SENSITIVE INFORMATION IS CONTAINED IN THE FOLLOWING MESSAGE  
AND SHOULD BE SAFEGUARDED (UNDERLINE TWELVE)

1 SPOKE TO AMERICAN CHARGE D'AFFAIRES, MORTON SMITH, ON 2  
DECEMBER ABOUT THE VISIT OF MR RAY CLINE TO SINGAPORE. SMITH SAID  
THAT THERE HAD BEEN NO MORE TO THE VISIT THAN HAD APPEARED IN THE  
PRESS (YOU WILL HAVE SEEN OUR CABLE REPORTS).

2. SMITH TOLD ME THAT CLINE HAD SET UP HIS VISIT TO SOUTH EAST ASIA  
LAST AUGUST/SEPTEMBER. WHEN CLINE HAD RECEIVED THE INVITATION AS AN  
ACADEMIC VISIT TO VISIT MALAYSIA HE HAD MADE CONTACT ALSO WITH THE  
THAI AND SINGAPORE EMBASSIES IN WASHINGTON ABOUT THE POSSIBILITY OF  
INCLUDING CALLS IN BANGKOK AND SINGAPORE AS WELL. BOTH THE THAIS AND  
SINGAPOREANS HAD RESPONDED WITH ALACRITY. IN BANGKOK HE HAD BEEN  
WELL RECEIVED AND HAD HAD A MEETING WITH FOREIGN MINISTER SIDDHI,  
WHILE IN SINGAPORE HE HAD HAD A FAIRLY LONG CONVERSATION WITH SECOND  
DEPUTY PRIME MINISTER (FOREIGN AFFAIRS) RAJARATNAM AND A SUBSTANTIAL  
CALL ON THE FIRST DEPUTY PRIME MINISTER DR GOH KENG SWEE. LEE HAD  
NOT RESPONDED TO THE OPPORTUNITY TO TALK TO CLINE. CLINE ALSO HAD  
HAD DISCUSSIONS WITH 'LESSER LIGHTS', ACCORDING TO SMITH, IN THE  
MINISTRY OF FOREIGN AFFAIRS AND ALSO WITH OFFICIALS OF SID. THE SID  
IN FACT HAD BEEN GIVEN THE TASK OF ORGANISING THE PROGRAM FOR CLINE  
AND GENERALLY CO-ORDINATING HIS VISIT. SMITH SAID THAT PRESUMABLY  
THE VISIT HAD BEEN MADE THE RESPONSIBILITY OF SID IN VIEW OF CLINE'S  
[REDACTED] STRICTLY SPEAKING, SMITH SAID THAT  
IT HAD NOT BEEN VERY APPROPRIATE FOR SID TO HANDLE THE VISIT BY  
CLINE.

3. SMITH WAS EMPHATIC THAT CLINE HAD NOT SAID ANY MORE TO HIM OR ANY  
OTHER MEMBER OF THE U.S. EMBASSY IN SINGAPORE THAN HE HAD SAID AND  
HAD BEEN REPORTED AS SAYING TO THE SINGAPOREANS. HE HAD TOLD SMITH  
THAT HIS VISIT WAS ENTIRELY PRIVATE. CLINE HAD STRESSED VERY  
STRONGLY THE FACT THAT HE WAS NOT, REPEAT NOT, VISITING THAILAND,

.../2

CHECKED

BT 4/12/80



DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**  
**AUSTEO**

2-0.5141035

MALAYSIA AND SINGAPORE IN ANY WAY WHATSOEVER AS A REPRESENTATIVE SPOKESMAN FOR PRESIDENT-ELECT REAGAN. SMITH COMMENTED THAT CLINE HAD BEEN COMPLETELY ON THE LEVEL IN SAYING THIS AND SAID THAT NOBODY SHOULD BELIEVE OTHERWISE.

4. CLINE HAD GIVEN NO INDICATION THAT HE WAS IN THE RUNNING FOR SUCH POSITIONS AS ASSISTANT SECRETARY OF FAR EASTERN AFFAIRS IN SUCCESSION TO HOLBROOKE. HE POINTED OUT TO ONE QUESTIONER AT A SEMINAR HELD AT THE UNIVERSITY OF SINGAPORE THAT HE WAS QUITE CONTENTED WITH HIS PRESENT ACADEMIC POSITION AT WASHINGTON UNIVERSITY IN THE CENTRE FOR STRATEGIC AND DEFENCE STUDIES AND THAT INDEED HE COULD BE ONE OF 245 WELL-QUALIFIED ASPIRANTS ALL WITH EQUALLY GOOD QUALIFICATIONS FOR HOLBROOKE'S JOB. AS AT THE TIME OF HIS VISIT CLINE HAD SAID OPENLY THAT HE HAD NOT BEEN OFFERED A JOB AND WAS QUITE HAPPY AT HIS UNIVERSITY.

5. SMITH SPECULATED IN A FAIRLY CAUTIOUS WAY ABOUT THE LIKELIHOOD OF CLINE BECOMING AN OFFICE-HOLDER IN THE STATE DEPARTMENT UNDER PRESIDENT-ELECT REAGAN. HE POINTED OUT THAT CLINE DID HAVE QUITE A NUMBER OF CONTACTS AND WAS COUNTED AMONGST THE MANY ADVISERS OF PRESIDENT REAGAN ON ASPECTS OF INTERNATIONAL AFFAIRS. IT WAS INTERESTING, HOWEVER, THAT PRESIDENT REAGAN HAD HAD FEW ADVISERS WHO WERE PARTICULARLY KNOWLEDGABLE ABOUT ASIA AND THUS CLINE, WHO HAD WELL-DEFINED AND CONSISTENT VIEWS (BASED ON HIS PERIOD OF SERVICE IN TAIWAN) WAS ONE OF A FAIRLY SMALL NUMBER IN CONTACT WITH REAGAN'S GROUP WHO HAD MUCH KNOWLEDGE OF ASIAN AFFAIRS.

6. SMITH DID COMMENT INTERESTINGLY ON THE U.S. AMBASSADOR- DESIGNATE TO SINGAPORE HARRY THAYER WHO HAD BEEN NUMBER TWO IN PEKING DURING THE PERIOD OF GEORGE BUSH'S APPOINTMENT AS U.S. REPRESENTATIVE TO THE PRC. THAYER WAS A MADARIN SPEAKER AND WAS HELD IN GOOD ESTEEM BY BUSH. THIS COULD LEND A CERTAIN IMPORTANCE TO HARRY THAYER'S APPOINTMENT TO SINGAPORE AND NO DOUBT THE SINGAPOREANS WILL NOT BE SLOW TO EXPLOIT THIS APPARENT POSSIBLE CLOSE LINK AT LEAST WITH THE INCOMING AMERICAN VICE-PRESIDENT.

7. AS SMITH WAS SPEAKING IN CONFIDENCE HIS REMARKS SHOULD BE WELL-PROTECTED.

ACTION: MR P.G.F.HENDERSON

PRIME MINISTER  
 FOREIGN MINISTER  
 MR. M. CODD

**AUSTEO**
**CONFIDENTIAL**



DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**  
**AUSTED**

3-0.5141035

ACTION: \*MR HOGUE SEA\*  
          \*MR FOGG ANZ\*

\*MR HENDERSON\*  
\*MR FEAKES\*  
\*MR EVANS FAS(EANZ)\*  
\*MR MCLENNAN EX\*  
\*MR BOWDEN FAS(CIC)\*  
\*MR JONES PA\*  
\*MR HAWKE DPR\*

**CONFIDENTIAL****AUSTED****CONFIDENTIAL**



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CENTRAL REGISTRY  
FOREIGN AFFAIRS  
F.A.

→ U.S.A.

INFORMATION

WASHINGTON

IN REPLY  
QUOTE

M. SI 009922

DATE. 22 October 1980

REGISTRY  
CODE

TO. CANBERRA

REF. M.

TO FILE.

FM. SINGAPORE

CLASSIFICATION.

CONFIDENTIAL

FM. FILE.

1254/1

POST  
SEQUENCE  
NUMBER

2912

SUBJECT. SINGAPORE: U.S. PROTECTIONISM

We reported in September criticisms that emerged in the Singapore press of Australia's allegedly protectionist trade policies, following similar criticisms by Prime Minister Lee at CHOGRM II. For a period in early October, the United States was the focus of outspoken attacks by elements of the private sector over allegedly protectionist policies.

2. The problem began in early October when the U.S. embargoed further jeans imports from Singapore for 1980 on the basis that Singapore had used up all of its 1980 quota of 538,000 dozens allotted under the 1978 bilateral textile agreement. The figures from the Singapore Department of Trade showed however that Singapore's jeans exports to the U.S. for 1980 did not exceed 420,000 dozens. The difference in the figures was attributed to producers from third countries shipping jeans to the U.S. under Singapore's name. The reaction from the textile sector and the press in Singapore to the U.S. action was immediate. The Straits Times referred to the ".....deplorable action....the ugly head of protectionism...." "gunboat" tactics...high-handedness...." on the part of the U.S. The Business Times continued in a similar vein. The comments of industry spokesmen, which reflected the newspaper editorial lines, were prominently displayed. The Singapore Government did not offer any public comment. The U.S. Embassy suspects, however, that the Singapore Department of Trade gave the industry in Singapore a 'blow-by-blow' account of its negotiations with the U.S. side.

3. In the event, the matter was quickly resolved. During the past few days the U.S. and Singapore have agreed that the embargo will be lifted from 5 November following the introduction of a textile visa system. The new system requires local exporters who have been allotted a share of the U.S. textile quota to gain visas for their jeans exports in addition to 'certificates of origin' documents. The visa process is intended to make it easier to control discrepancies between U.S. and Singapore records of jeans produced in Singapore for export to the U.S. under the quota system.

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National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1

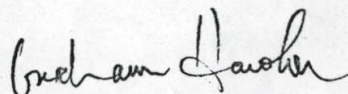


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2.

4. The U.S. Embassy attributes the speedy resolution of the problem to the presence in Singapore at the time the embargo was imposed of U.S. Trade Representative Reubin Askew, who possessed the authority to deal promptly with the matter. His visit had been planned for several months and was not related to the embargo. Indeed, the Embassy realising that the juxtaposition of the embargo and Askew's visit would allow the Singaporeans to play the issue to the hilt, unsuccessfully tried to convince Washington to put off one or the other for the time being.

5. The U.S. Embassy has told us that in <sup>sk</sup>Agnew's discussions with Prime Minister Lee and the Minister for Trade and Industry, Goh Chok Tong, only the latter referred to the embargo. Goh's comment, offered after the visa system was agreed in principle between U.S. and Singapore officials, was that the matter could be speedily resolved. The Americans do not anticipate that the embargo has significantly affected U.S./Singapore relations. They assess, however, that the Singaporeans will remember it and use it as a means of berating America for alleged protectionist tendencies should the need arise in the future.



(Graham Hawker)  
First Secretary

CONFIDENTIAL



THE HEAD  
AMERICAS AND NEW ZEALAND BRANCH  
DEPARTMENT OF FOREIGN AFFAIRS  
CANBERRA A.C.T.  
INFORMATION.

250/10/7/16 196  
(originated 250/9/9/28)  
DATE. 9 July 1980

IN REPLY QUOTE	M. WH 7850	REGISTRY CODE	
TO.	CANBERRA		
REF.	M.	TO FILE.	
FM.	WASHINGTON		
CLASSIFICATION. UNCLASSIFIED	FM. FILE.	220/4/2	POST SEQUENCE NUMBER 4026

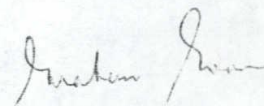
SUBJECT. UNITED STATES : CONGRESSIONAL VISIT TO AUSTRALIA,  
NEW ZEALAND AND SINGAPORE

....

Attached is a copy of the report of a visit by a House Armed Services Committee delegation, led by Rep. Richard Ichord to Australia, New Zealand, Singapore, Hawaii and the Kwajalein missile range in the Marshall Islands from 3-17 January 1980.

2. The delegation recommended in the report that:

"In view of the marginal United States defense preparedness posture in the Pacific coupled with other significant findings, the delegation strongly recommends the establishment of an Armed Services Committee Ad Hoc panel on Pacific and Indian Oceans readiness."



(Graham Evans)  
Counsellor



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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

250/10/7/16

O.TK14901 SCD9  
TOR 1731 30.04.80

O.TK14901 1607 30.4.80 CLA

TO.  
PP CANBERRA/1813RP.  
RR SINGAPORE/242 BANGKOK/309 JAKARTA/273  
RR KUALA LUMPUR/223 MANILA/386 MOSCOW/281  
RR PEKING/683 WASHINGTON/602

FM. TOKYO / FILE 227/11/6

C O N F I D E N T I A L

SINGAPORE FOREIGN MINISTER'S VISIT TO JAPAN

SINGAPORE FOREIGN MINISTER REJARATNAM VISITED JAPAN 14-20 APRIL. HE MET PRIME MINISTER OHIRA AND FOREIGN MINISTER OKITA. AND ADDRESSED THE FOREIGN CORRESPONDENTS CLUB. THE JAPANESE WERE NOT ESPECIALLY SURPRISED BY WHAT WAS SAID AND SEEMED TO HAVE A GOOD IDEA BEFOREHAND OF WHAT TO EXPECT FROM REJARATNAM.

2. ACCORDING TO URABE, DEPUTY DIRECTOR OF THE SECOND SOUTHEAST ASIAN DIVISION OF THE GAIMUSHO, WHO ACCOMPANIED RAJARATNAM THROUGHOUT THE VISIT, RAJARATNAM'S MAIN POINT WAS THE NEED FOR GREATER SOLIDARITY AMONG THE WESTERN ALLIES TO COUNTER SOVIET EXPANSIONISM. HE HAD ARGUED THAT THIS COOPERATION NEEDED TO OCCUR NOT ONLY IN ECONOMIC AREAS BUT ALSO IN POLITICAL AND MILITARY AREAS AND THAT CONCRETE ACTION WAS REQUIRED. THE SOVIET UNION HAD GAINED CONSIDERABLY OUT OF THE DETENTE AND THIS NEEDED TO BE RECOGNISED AND COUNTERED.

3. RAJARATNAM HAD GENERALLY BEEN CRITICAL OF WESTERN LEADERSHIP, AND PRESIDENT CARTER IN PARTICULAR, WHICH HE SAID HAS PROVIDED THE SOVIET UNION WITH OPPORTUNITIES. THERE WAS A NEED TO FORM A 'DEFENCE LINE' AGAINST COORDINATED SOVIET UNION POLICIES. RAJARATNAM HAD DESCRIBED THE OLYMPIC GAMES BOYCOTT AS A MERE FOOTNOTE TO HISTORY WHICH DID NOT GET TO THE REAL CORE OF THE MATTER. NEVERTHELESS, HE REAFFIRMED SINGAPORE'S INTENTION NOT TO PARTICIPATE. *agreed.*

4. URABE SAID THAT OHIRA HAD REPLIED VERY CIRCUMSPECTLY TO THESE REMARKS. NOR DID OHIRA GO INTO ANY DETAILS ON THE SUPPORT THAT JAPAN WAS TO PROMISE THE US OVER IRAN THE FOLLOWING DAY. HE HAD TOLD RAJARATNAM THAT THE UNITED STATES' FRIENDS SHOULD GIVE THE US ENCOURAGEMENT IN FACING THE PRESENT SITUATION AND THAT THE WESTERN ALLIES SHOULD COLLABORATE MORE ACTIVELY TOWARDS THIS END.

5. IN LENGTHY DISCUSSIONS ON ASEAN/INDOCHINA MATTERS, RAJARATNAM HAD SUGGESTED TO FOREIGN MINISTER OKITA THAT THAILAND'S POSITION CALLED

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DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

2-0.TK14901

FOR ESPECIALLY SYMPATHETIC UNDERSTANDING. HE ARGUED THAT IT WAS NATURAL FOR THAILAND TO GIVE SOME AID TO HANOI IN ORDER TO REDUCE THE RISK OF ATTACK BY VIETNAM. IF VIETNAM WERE TO CROSS THE BORDER INTO THAILAND, RAJARATNAM HAD NO DOUBT THAT THE US WOULD BE TOO SLOW TO REACT, THE ASEAN COUNTRIES WOULD RESPOND WITH WORDS ONLY AND THAILAND WOULD HAVE TO FACE ANY THREAT BASICALLY ON ITS OWN. SIMILARLY IN ANY MOVES FOR POLITICAL INITIATIVES IN RELATION TO KAMPUCHEA, THAILAND'S SPECIAL INTERESTS HAD TO BE TAKEN INTO ACCOUNT.

6. THE JAPANESE HAD ASKED ABOUT SOVIET DEPUTY FOREIGN MINISTER FIRYUBIN'S RECENT VISIT TO SINGAPORE. RAJARATNAM SAID THAT FIRYUBIN HAD TOLD THE SINGAPOREANS THAT THE SOVIET UNION COULD GUARANTEE THE SECURITY OF ASEAN AND HAD IT WITHIN ITS POWER TO ENSURE THAT VIETNAMESE POLICIES DID NOT BECOME TOO EXTREME AND LEAD INTER ALIA TO VIETNAM CROSSING THE THAI BORDER. RAJARATNAM SAID THAT SINGAPORE HAD REJECTED THE 'INDUCEMENTS' PROFFERED BY FIRYUBIN. RAJARATNAM HAD SPOKEN OF 'FACTIONS' IN KUALA LUMPUR AND JAKARTA WHO FAVOURED COMING TO TERMS WITH VIETNAM.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO

ACTION: SEA  
NA

JBAC  
JBAB

SEC	DEPSECS	PPU	LA	EX	MCO	PA
FAS(SEP)	PSP	FAS(NSA)	SA	JS	ACC	
FAS(EANZ)	ANZ	EUR	FAS(DN)	NUC	NPD	
NS	DEF	FAS(IOAME)	FAS(CIC)	FAS(ECO)		
FAS(LT)	FAS(MFS)	FAREP-M	FAREP-P			
FAREP-S						

BRUSSELS HANOI HONG KONG LONDON NEW DELHI OTTAWA PARIS EMB  
PORT MORESBY RANGOON SEOUL UN NEW YORK VIENTIANE



250/10/7/16

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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.SI35257 MT00  
TOR 1437 02.04.80

O.SI35257 1145 2.4.80 CLA

TO.  
RR CANBERRA/4937

RP.  
RR KUALA LUMPUR/2963 MANILA/1332 BANGKOK/2022  
RR JAKARTA/3213

FM. SINGAPORE / FILE 1250/-

RESTRIC

R E S T R I C T E D

SINGAPORE : VISIT BY SOVIET DEPUTY FOREIGN MINISTER

SOVIET DEPUTY FOREIGN MINISTER FIRYUBIN HAS HELD EXTENSIVE DISCUSSIONS WITH SINGAPORE MINISTERS AND OFFICIALS DURING THE COURSE OF HIS FOUR DAY VISIT TO SINGAPORE. HE ALSO CALLED ON PRIME MINISTER LEE KUAN YEW. HIS TALKS WITH FOREIGN MINISTER RAJARATNAM WERE PRE-DICTABLY CHARACTERISED BY THE DELIVERY OF SET PIECE STATEMENTS ON BOTH SIDES. THE FOCUS OF THE DISCUSSIONS WAS THE SITUATION IN KAMPUCHEA AND SINGAPORE REITERATED ITS STAND THAT THERE SHOULD BE A POLITICAL SOLUTION TO THE PROBLEM CAUSED BY THE VIETNAMESE OCCUPATION. THIS SHOULD INVOLVE THE WITHDRAWAL OF VIETNAMESE FORCES FROM KAMPUCHEA TO ALLOW KAMPUCHEANS TO CHOOSE THEIR OWN GOVERNMENT. IN THIS CONTEXT, SINGAPORE EMPHASISED THAT IF MOSCOW WAS SERIOUSLY INTERESTED IN PEACE AND STABILITY IN SOUTH EAST ASIA IT SHOULD PERSUADE VIETNAM TO HAVE A GENUINE DIALOGUE WITH ASEAN. SINGAPORE STRONGLY CONDEMNED THE SOVIET UNION FOR SUPPORTING VIETNAMESE AGGRESSION IN KAMPUCHEA AND SAID THAT WHILE THIS SUPPORT CONTINUED SINGAPORE MUST VIEW THE SITUATION IN THE REGION DIFFERENTLY FROM MOSCOW. IN A REFERENCE TO VIETNAMESE ALLEGATIONS THAT SINGAPORE WAS TAKING A PRO-CHINESE LINE, SINGAPORE TOLD THE RUSSIANS THAT VIETNAM WAS PLAYING A 'DANGEROUS GAME' BY EMPHASISING RACIAL OVERTONES AND SUGGESTING THAT SINGAPORE WAS ACTING AS 'SOMEBODY'S PROXY'. SINGAPORE STRESSED THAT ITS APPREHENSIONS OVER SOVIET AND VIETNAMESE OBJECTIVES WERE SHARED BY OTHER ASEAN COUNTRIES AND INDEED BY OTHERS AS THE U.N. RESOLUTION ON KAMPUCHEA HAD SHOWN. MR FIRYUBIN WAS TOLD THAT THE SOVIET UNION COULD PLAY A ROLE IN THE REGION PROVIDED THAT IT WAS BENEFICIAL.

2. MR FIRYUBIN TOLD SINGAPORE THAT HIS VISIT WAS AT THE 'EXPRESSED DIRECTION' OF THE SOVIET GOVERNMENT AND HE HELD OUT THE POSSIBILITY OF INCREASED TRADE, COOPERATION IN TECHNICAL FIELDS AND CULTURAL EXCHANGES TO IMPROVE BILATERAL RELATIONS WITH SINGAPORE. TURNING TO INDO-CHINA, FIRYUBIN SAID THAT THE SOVIETS WANTED TO SEE BETTER COOPERATION AND 'A GOOD NEIGHBOURHOOD' IN THE REGION. HE CLAIMED THAT THERE WAS A MISUNDERSTANDING ON SINGAPORE'S PART TOWARDS

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RESTRIC



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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

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VIETNAM AND ALLEGED THAT VIETNAM WANTED GENUINE FRIENDSHIP WITH ASEAN. HE ALSO REAFFIRMED VIETNAM'S OFFER TO SIGN A NON-AGGRESSION TREATY BILATERALLY WITH ASEAN COUNTRIES. FIRYUBIN SAID THAT THE SOVIET UNION SAW THIS AS A MOST OPPORTUNE TIME TO RESTORE PEACE IN THE REGION SINCE VIETNAM HAD AGREED TO BE FRIENDLY WITH THE ASEAN COUNTRIES. ON THE WORLD SITUATION, HE VOICED SOVIET CONCERN OVER A REVIVAL OF THE COLD WAR AND SPENT SOME TIME GOING OVER THE SOVIET POSITION ON AFGHANISTAN CLAIMING THAT THE SOVIET UNION DID NOT INTEND TO KEEP ITS TROOPS THERE INDEFINITELY AND WAS DEMONSTRATING RESTRAINT.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO

RESTRICTED



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

3-0.5135257

ACTION: SEA  
SA  
EUR

JACC

SEC	DEPSECS	PPU	LA	EX	MCO	PA
FAS(SEP)	PSP	FAS(NSA)	NA	FAS(EANZ)		
ANZ	FAS(DN)	NUC	DEF	FAS(IOAME)		
FAS(ECO)	FAS(LT)	FAS(MFS)	FAREP-M			
FAREP-P	FAREP-S					

BONN	BRUSSELS	HANOI	HONG KONG	LONDON	MOSCOW	PARIS	EMB	PEKING
PORT MORESBY	RANGOON	TOKYO	VIENTIANE	WASHINGTON				

RESTRICT

RESTRICT



280 / 10 / 7 / 16 189

DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.SI34997 PDPO  
TOR 1616 21.03.80

O.SI34997 1315 21.3.80 CLA

TO.  
PP CANBERRA/4738

RP.  
RR KUALA LUMPUR/2930 MANILA/1324 BANGKOK/2010  
RR PEKING/089 JAKARTA/3187

FM. SINGAPORE /

C O N F I D E N T I A L

SINGAPORE : VISIT OF HUANG HUA

I SPOKE TO MFA PERMANENT SECRETARY, S.R. NATHAN, ON 20 MARCH ABOUT HUANG HUA'S VISIT TO SINGAPORE ON 17 AND 18 MARCH. THE VISIT RECEIVED GOOD BUT NOT UNDULY ENTHUSIASTIC MEDIA WHICH WAS WHAT THE GOVERNMENT WAS HOPING FOR. NATHAN CONFIRMED THE IMPRESSIONS CONVEYED BY THE PRESS THAT THE VISIT HAD GONE WELL WITH NO SURPRISES OCCURRING.

2. HE TOLD ME THAT THEY HAD WONDERED A LITTLE WHY HUANG HUA HAD ASKED TO VISIT SINGAPORE AS THERE WERE NO PARTICULAR MATTERS THAT HAD REQUIRED THE VISIT OF THE CHINESE FOREIGN MINISTER. SINGAPORE'S POLICIES WERE CLEARLY STATED AND THEY NEEDED NO FURTHER ELABORATION NOR DID SINGAPORE NEED ANY MORE PERSUASION. IT HAD BEEN ASSUMED IN ADVANCE, THEREFORE, THAT THE MAIN PURPOSE WOULD BE TO CONTRIBUTE TO MAINTAINING A GOOD HEAD OF STEAM AMONGST THE ASEAN MEMBERS ON THE KAMPUCHEA/VIETNAM SITUATION AND PROD CONTINUED ANTIPATHY TOWARDS THE USSR. THIS FORECAST HAD PROVED TO BE ACCURATE.

3. HUANG HUA HAD HAD TWO TWO-HOUR DISCUSSIONS WITH FOREIGN MINISTER RAJARATNAM. EACH MEETING HAD BEEN TWICE AS LONG AS THEY HAD NEEDED TO BE BECAUSE AN INTERPRETER HAD BEEN USED. NATHAN COMMENTED THAT HUANG HUA HAD CHATTED TO HIM (UNOFFICIALLY OF COURSE) IN GOOD ENGLISH AND I, LIKE OTHER TELEVISION VIEWERS HAD NOTICED HIS CORRECTION OF HIS INTERPRETER AT THE AIRPORT INTERVIEW. HUANG HUA HAD SEEN ALSO THE PRIME MINISTER, DEPUTY PRIME MINISTER AND THE MINISTER FOR TRADE AND INDUSTRY. THOSE CALLS HAD BEEN PURELY PRO-FORMA AND OF NO REAL SUBSTANCE.

4. HUANG HUA HAD RAISED THE TOPICS OF KAMPUCHEA/VIETNAM, THE USSR AND THE AFGHANISTAN CRISIS IN THAT ORDER. HE HAD NOT ATTEMPTED TO GO INTO ANY OTHER MATTERS SUCH AS TRADE OR DIPLOMATIC RELATIONS AND THE SINGAPOREANS HAD NOT ATTEMPTED TO BRING UP ANY OTHER ITEMS FOR DISCUSSION.

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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.5134997

5. HUANG HUA HAD MADE THE FOLLOWING POINTS ON THE KAMPUCHEA SITUATION

- (A) THE D.K. REMAINED AN ACTIVE FIGHTING FORCE WITH 30,000 HARDENED AND EXPERIENCED COMBATANTS IN THE FIELD. THESE FORCES WERE BY NO MEANS BEATEN AND HAD THE CAPACITY TO CONTINUE THE FIGHT AGAINST THE VIETNAMESE.
- (B) THE D.K. HAD REALISED THAT THEY HAD MADE MISTAKES IN THE PAST (WHICH SEEMED TO BE PUTTING IT MILDLY) AND NOW WERE SEEKING TO ESTABLISH CONTACTS WITH ALL OTHER RESISTANCE GROUPS TO TRY TO FORM A UNITED RESISTANCE AGAINST THE VIETNAMESE.
- (C) THE CHINESE WERE HOPING THAT SIHANOUK COULD BE PERSUADED TO JOIN THE RESISTANCE TO THE VIETNAMESE AND WERE CONTINUING TO WORK ON HIM TO THIS END.
- (D) A POLITICAL SOLUTION FOR KAMPUCHEA WAS NOT A POSSIBILITY IN THE PRESENT CIRCUMSTANCES. THE ONLY SOLUTION WAS TO CONTINUE TO RESIST THE VIETNAMESE UNTIL THEY FOUND THEMSELVES IN A SITUATION IN WHICH THERE WAS NO OTHER ALTERNATIVE. NATHAN SAID THAT BY THIS THE CHINESE HAD MEANT THAT THE STRUGGLE SHOULD BE PROSECUTED UNTIL THE SOVIET UNION FOUND THE BURDEN OF SUPPORTING HANOI NO LONGER TOLERABLE. THE CHINESE SAW THIS AS AN INEVITABLE OUTCOME.

6. THE SINGAPORE SIDE HAD ENDEAVOURED TO MAKE THE FOLLOWING POINTS IN RESPONSE.

- (A) KAMPUCHEA AND AFGHANISTAN WERE THE TWO SIDES OF THE SAME COIN.
- (B) THERE WAS A NEED TO BOLSTER U.S. EFFORTS TO STAND AGAINST THE USSR. ASEAN WAS NOT ANTI-U.S. AND WAS WELL AWARE OF USSR ATTEMPTS TO SPLIT ASEAN OVER THE KAMPUCHEA/VIETNAM SITUATION.
- (C) SINGAPORE ADOPTED A 'MULTI-POLAR' APPROACH AND WISHED TO RETAIN U.S. INTEREST IN S.E. ASIA ON THE ASSUMPTION THAT WHEN ANY ONE POWER DEPARTED FROM THE SCENE ANOTHER WOULD ATTEMPT TO FILL THE VACUUM.
- (D) ASEAN MUST START THINKING ABOUT THE EFFORTS THAT WILL BE NEEDED TO PREPARE A STRONG POSITION ON KAMPUCHEA (AND AFGHANISTAN) AT THE NEXT U.N. GENERAL ASSEMBLY. THE ISLAMIC CONFERENCE MEMBERS AND OTHERS IN THE THIRD WORLD MUST BE RALLIED TO THIS CAUSE (NATHAN COMMENTED THAT THE CHINESE RESPONDED WELL TO THIS POINT).
- (E) ASEAN WISHED TO BE ABLE TO COUNT ON CONTINUED SUPPORT FROM CHINA.

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## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

3-0.SI34997

7. ON THE USSR, HUANG HUA'S COMMENTS HAD BEEN HIGHLY PREDICTABLE. HE HAD EMPHASIZED TO THE SINGAPOREANS (RATHER UNNECESSARILY I WOULD HAVE THOUGHT) THE MALIGN ROLE OF THE USSR'S FOREIGN POLICY AND REITERATED THEIR FIRM CONVICTION THAT MOSCOW WAS OUT TO DOMINATE THE WORLD. THE SOVIETS HAD BEEN SHOCKED AND DISMAYED BY THE STRENGTH OF THE ISLAMIC COUNTRIES' REACTIONS TO THEIR MOVE INTO AFGHANISTAN, BUT CHINA DID NOT THINK THAT THE USSR WOULD WITHDRAW THEIR FORCES FROM AFGHANISTAN. AS MANY COUNTRIES AS POSSIBLE, THEREFORE, SHOULD BE ENCOURAGED TO TAKE AS TOUGH A LINE AS POSSIBLE ON THE ISSUE IN THE HOPE OF DETERRING FURTHER ADVENTURES. NATHAN REMARKED THAT THEY EXPECTED THAT HUANG HUA'S REPRESENTATIONS WOULD FOLLOW THE SAME PATTERN IN ALL CAPITALS ALTHOUGH THEY WOULD DOUBTLESS HAVE TO BE MORE EXPANSIVE AND ELABORATE WITH SOME CHANGES OF TONE AND NUANCE IN KUALA LUMPUR FOR EXAMPLE.

8. NATHAN HAD THE FOLLOWING ADDITIONAL REMARKS TO MAKE. HE SAID, IN A RATHER DESPAIRING EVEN WEARY WAY, THAT NEITHER IN SINGAPORE NOR IN THE OTHER ASEAN GOVERNMENTS COULD THEY DISCERN THE NEXT STEPS TO BE TAKEN ON KAMPUCHEA. THE PRESENT STANCE, THEREFORE, MUST BE MAINTAINED AND ASEAN NEEDED THE SUPPORT AND BACKING OF FRIENDS LIKE AUSTRALIA TO DO THIS. I TOLD NATHAN OF OUR MINISTER'S STATEMENT ON 19 MARCH ON AUSTRALIA'S CONTINUING RECOGNITION OF THE D.K. WHICH PLEASED HIM. IN REPLY TO MY RATHER SCEPTICAL REACTION TO THE CHANCES OF SUCCESSFULLY DRAWING SIHANOUK INTO A 'UNITED RESISTANCE' MOVEMENT THAT INCLUDED THE D.K., NATHAN SAID THAT HE SPECULATED THAT THE CHINESE AND THE D.K. WERE WORKING ON IT NEVERTHELESS. KHIEU SAMPHAN'S CURRENT VISIT TO PYONGYANG IN ADVANCE OF SIHANOUK'S RETURN THERE MIGHT BE EVIDENCE OF THIS. IT WAS POSSIBLE THAT CHINA AND THE D.K. WERE SETTING UP KIM IL SUNG TO USE HIS INFLUENCE ON SIHANOUK. AT THE SAME TIME, NATHAN WOULD NOT DISCOUNT THE POSSIBILITY THAT HANOI WOULD ATTEMPT TO PLAY ON SIHANOUK'S REVULSION TO THE D.K. AND MAKE AN EFFORT TO DRAW HIM TO THEIR SIDE.

9. I ASKED NATHAN ABOUT REPORTS IN THE PRESS THAT SIHANOUK WAS COMING TO SINGAPORE IN JUNE AFTER HIS VISITS TO THE DPRK AND CHINA AND ON HIS WAY TO AUSTRALIA. NATHAN REPLIED THAT HE HAD SEEN THE REPORTS BUT SO FAR SINGAPORE HAD HAD NO WORD FROM HIM.

10. NATHAN THOUGHT THAT THE USSR MIGHT BE RESTRAINING THE VIETNAMESE FROM LAUNCHING THE LONG-EXPECTED OFFENSIVE IN KAMPUCHEA AND REFERRED TO FIRYUBIN'S REMARKS IN ESCAP IN BANGKOK THIS WEEK AS A POSSIBLE SIGN OF THIS. FIRYUBIN HAD ASKED TO VISIT KUALA LUMPUR AND SINGAPORE NEXT WEEK AND THIS HAD BEEN AGREED. HE WOULD BE IN SINGAPORE ABOUT 25 OR 26 MARCH. FIRYUBIN'S VISIT COULD BE INTENDED TO BOLSTER NGUYEN CO THACH'S FORTHCOMING TOUR OF THE REGION. AS AT THE PRESENT THACH HAD NOT ASKED TO VISIT SINGAPORE BUT NATHAN THOUGHT THEY MIGHT AFTER FIRYUBIN'S CALL.

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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

4-0.5134997

11. NATHAN SAID THAT HE HOPED TO KEEP IN TOUCH WITH AUSTRALIAN  
THINKING ON ALL THESE DEVELOPMENTS AND ASKED ME IF I WOULD LIKE TO  
COME TO SEE HIM AFTER THE HOM MEETING.

....PRICE

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO

CONFIDENTIAL

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250/10/7/16

185

DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.WH87347 RRT  
TOR 0723 25.02.80

O.WH87347 1240 24.2.80 CLA

TO.  
PP CANBERRA/2061

RP.  
RR BANGKOK/610 SINGAPORE/307 KUALA LUMPUR/339  
RR MANILA/654 JAKARTA/519 PEKING/447  
RR TOKYO/2331 SEOUL/192  
BB HANOI/111

FM. WASHINGTON / FILE 221/11/1/1

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C O N F I D E N T I A L

UNITED STATES RELATIONS WITH ASEAN COUNTRIES

ON 21 FEBRUARY, WE TALKED WITH FRITTS (DIRECTOR - INDONESIA, MALAYSIA, BURMA AND SINGAPORE - STATE DEPARTMENT) ABOUT UNITED STATES RELATIONS WITH THE ASEAN COUNTRIES IN LIGHT OF THE RECENT UNITED STATES CHIEFS OF MISSION MEETING AT SINGAPORE AND ASSISTANT SECRETARY HOLBROOKE'S ASSOCIATED DISCUSSIONS IN ASEAN CAPITALS.

2. FRITTS SAID THAT THE MAIN CONCLUSIONS OF THE CHIEFS OF MISSION MEETING WERE THAT THERE WAS A SURPRISINGLY DEEP CONCERN IN NON-COMMUNIST SOUTH EAST ASIA ABOUT THE SOVIET INVASION OF AFGHANISTAN, THAT ASEAN GOVERNMENTS WERE HEARTENED BY AND PRIVATELY SUPPORTIVE OF THE DETERMINED STAND THE UNITED STATES SEEMED TO BE TAKING, BUT THAT THERE WERE LINGERING DOUBTS ABOUT THE CAPACITY OF THE UNITED STATES EXECUTIVE AND CONGRESS TO SUSTAIN A MORE ROBUST POSTURE ABROAD, WHETHER IN EAST ASIA, SOUTH-WEST ASIA OR THE PERSIAN GULF. WITHIN THE REGION, THE DANGEROUS SITUATION ON THE THAI/KAMPUCHEAN BORDER WAS THE SUBJECT OF CONTINUING SERIOUS CONCERN BY ALL ASEAN GOVERNMENTS. THE VERY CONSIDERABLE IMPROVEMENT IN THE QUALITY OF UNITED STATES POLITICAL CONSULTATION WITH ASEAN COUNTRIES WAS ALSO NOTED WITH SATISFACTION, AS WAS THE ENHANCED CAPACITY OF THE ASEAN GOVERNMENTS TO CO-ORDINATE AMONG THEMSELVES THEIR POSITIONS ON INTERNATIONAL POLITICAL QUESTIONS. THE MEETING JUDGED THAT THE UNITED STATES SHOULD CONTINUE TO SUPPORT A DIALOGUE BETWEEN THE ASEAN COUNTRIES AND VIETNAM, PROVIDED VIETNAM WAS NOT ALLOWED TO EXPLOIT DIFFERENCES OF EMPHASIS AMONG ASEAN LEADERS AND GOVERNMENTS.

3. WE NOTED THAT A FAIRLY OBVIOUS POINT WHICH WAS OFTEN LOST SIGHT OF WAS THAT THE SUBSTANCE OF POLITICAL DISCUSSIONS BETWEEN FRIENDLY COUNTRIES TYPICALLY RELATED MUCH MORE TO THIRD COUNTRIES OR TO SHARED INTERNATIONAL PROBLEMS THAN TO BILATERAL ISSUES. THIS SEEMED TO ACCOUNT LARGELY FOR THE CHANGED QUALITY OF UNITED STATES RELATIONS WITH THE ASEAN COUNTRIES SINCE THE VIETNAMESE INVASION OF KAMPUCHIA

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2-0.WH87347

FRITTS AGREED. HE SAID THAT, IF AT SOME FUTURE POINT THE SITUATION IN KAMPUCHEA AND ASEAN RELATIONS WITH VIETNAM BOTH STABILISED, IT WOULD BE NATURAL, AND HE THOUGHT THE UNITED STATES SHOULD NOT BE TOO CONCERNED, IF THE ASEAN COUNTRIES MOVED BACK TO A SLIGHTLY MORE NON-ALIGNED POSITION. FRITTS ALSO MENTIONED, FOR OUR OWN INFORMATION ONLY, THAT ANOTHER FACTOR CONTRIBUTING TO THE IMPROVED QUALITY OF DIALOGUE BETWEEN THE UNITED STATES AND THE ASEAN COUNTRIES WAS THE VERY WELCOME IMPROVEMENT OF THEIR DIPLOMATIC REPRESENTATION IN WASHINGTON. FRITTS SAID THAT ALL EXCEPT THE THAIS WERE NOW REPRESENTED BY VERY COMPETENT PEOPLE.

4. FRITTS SAID THAT THE CONCLUSIONS OF THE CHIEFS OF MISSION MEETING HAD BEEN BORNE OUT WELL IN HOLBROOKE'S SEPARATE DISCUSSIONS. ON EACH OCCASION, HOLBROOKE HAD MADE A POINT OF LISTING THE VARIOUS ACTIONS THE ADMINISTRATION HAD TAKEN DURING THE LAST TWO TO THREE YEARS TO CONSOLIDATE RELATIONS WITH EAST ASIAN COUNTRIES AND TO DEMONSTRATE THE UNITED STATES DETERMINATION TO STAY THE COURSE AS A PACIFIC POWER INTEGRALLY INVOLVED IN EAST ASIA. THIS LIST INCLUDED THE IMPROVEMENTS IN THE DEFENCE RELATIONSHIP WITH JAPAN, THE DECISION TO KEEP UNITED STATES GROUND FORCES IN SOUTH KOREA, THE NORMALISATION AND SUBSEQUENT EXPANSION OF RELATIONS WITH CHINA, THE BASES AGREEMENT WITH THE PHILIPPINES, THE DEVELOPMENT OF A MORE SUBSTANTIVE DIALOGUE WITH ASEAN ON BOTH POLITICAL AND ECONOMIC QUESTIONS, ACTIONS TO HELP SOLVE THE PROBLEMS OF BOAT AND LAND REFUGEES FROM INDO-CHINA, THE REAFFIRMATION OF THE DEFENCE COMMITMENT TO THAILAND, AND EXPANDED MILITARY ASSISTANCE TO THAILAND AND ITS ASEAN PARTNERS. FRITTS SAID THAT ASEAN LEADERS AND OFFICIALS HAD LISTENED TO THIS LITANY AND TO HOLBROOKE'S ACCOUNT OF WHAT THE UNITED STATES WAS DOING IN RESPONSE TO THE SOVIET INVASION OF AFGHANISTAN WITH OBVIOUS APPROVAL, BUT HAD SAID POLITELY THAT THEY WERE STILL WORRIED ABOUT THE UNITED STATES ABILITY TO FOLLOW THROUGH EFFECTIVELY IN THE MEDIUM TO LONG TERM, ESPECIALLY GIVEN THE FICKLE ATTITUDE OF THE UNITED STATES CONGRESS AND PUBLIC TOWARDS OVERSEAS COMMITMENTS. THE ASEAN GOVERNMENTS HAD ALSO MADE CLEAR THEIR STRONG DESIRE FOR PROMPT ACTION FROM THE UNITED STATES WITH REGARD TO EXPANDED FMS CREDITS FOR MILITARY PURCHASES, MORE MILITARY TRAINING AND GREATER PRIORITY FOR THEIR ORDERS OF MILITARY EQUIPMENT.

5. FRITTS SAID ANOTHER IMPRESSION THAT HOLBROOKE HAD COME AWAY WITH WAS THAT THE SOVIET INVASION OF AFGHANISTAN AND THE RIPPLES IT HAD PRODUCED EASTWARDS THROUGHOUT ASIA UNDERLINED THAT THE INDIAN OCEAN REGION AND SOUTH EAST ASIA WERE MUCH MORE CLOSELY INTERCONNECTED THAN WE WERE USED TO THINKING. THIS APPLIED IN TERMS OF GLOBAL STRATEGY, REGIONAL GEOPOLITICS, RELIGIOUS AFFINITIES, MARITIME ACCESS AND COMMERCIAL RELATIONS. WE COMMENTED THAT AUSTRALIA WAS ALSO BEING REMINDED OF THESE CONNECTIONS AS WE CAME TO TERMS WITH THE NEW SITUATION.

6. FRITTS NOTED IN THIS CONTEXT THAT, ON HIS RETURN, HOLBROOKE HAD

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## INWARD CABLEGRAM

3-0.WH87347

REMARKED THAT HE HAD BEEN STRUCK BY THE DEAFENING SILENCE OF ASEAN COMMENT ON THE EXPANDED UNITED STATES NAVAL PRESENCE IN THE INDIAN OCEAN, DESPITE WHAT THIS MEANT FOR ZOPFAN AND THE PLAN TO DEMILITARISE THE INDIAN OCEAN.

7. WE MENTIONED WE HAD ATTENDED EARLIER THAT DAY A HEARING OF THE HOUSE SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS (SEE SEPARATE TELEGRAM) AT WHICH HOLBROOKE HAD SAID THAT HE WAS NOW ORGANISING SOME SORT OF CONSULTATION BETWEEN THE SECRETARY OF STATE AND AT LEAST SOME OF HIS ASEAN COUNTERPARTS TO ROUND OUT WHAT WAS ALREADY SCHEDULED WITH AUSTRALIA, NEW ZEALAND, JAPAN AND CHINA. FRITTS SAID THAT HOLBROOKE HAD SPOKEN A LITTLE PREMATURELY BECAUSE NOTHING DEFINITE HAD BEEN ARRANGED SO FAR. WHAT MIGHT EMERGE WAS THAT ONE OR TWO ASEAN FOREIGN MINISTERS MIGHT BE INVITED TO COME TO WASHINGTON TO CONSULT WITH VANCE AROUND THE END OF MARCH AND THAT THE OTHER ASEAN COUNTRIES MIGHT BE REPRESENTED AT THE SAME MEETING BY SENIOR OFFICIALS. FRITTS NOTED THAT THE ASEAN FOREIGN MINISTERS WERE NATURALLY NOT KEEN TO BE SEEN AS COMING TO WASHINGTON FOR A MEETING AT THE UNITED STATES' BIDDING.

8. WE ASKED WHAT THE UNITED STATES THOUGHT OF THE RECENT QUICKENING OF INTEREST IN THE POSSIBILITY OF ENHANCED DEFENCE CO-OPERATION AMONG THE ASEAN COUNTRIES. FRITTS SAID THAT THE UNITED STATES WAS WATCHING VERY CLOSELY WHAT SEEMED TO BE A SERIES OF VERY DELIBERATE TRIAL BALLOONS. HE MENTIONED LEE KUAN YEW'S STATEMENTS ON DEFENCE CO-OPERATION LAST YEAR, THE BANGKOK NATION'S SUGGESTIONS ABOUT A NEW REGIONAL DEFENCE ARRANGEMENT AND PRESIDENT MARCOS' RECENT SPEECH TO THE PHILIPPINE MILITARY ACADEMY. FRITTS SAID THAT THE UNITED STATES REGARDED AS A FAVOURABLE DEVELOPMENT THE NATURAL GROWTH OF DEFENCE CO-OPERATION AMONG THE ASEAN COUNTRIES, BUT WAS BEING CAREFUL NOT TO INVOLVE ITSELF IN THIS PROCESS IN ANY PUBLIC OR SUBSTANTIVE WAY. THE UNITED STATES ALSO CONSIDERED THAT THE ASEAN COUNTRIES WOULD RETAIN FAR GREATER FLEXIBILITY IN THEIR INDIVIDUAL AND COLLECTIVE DIPLOMACY IF THEY CONTINUED TO ESCHUE THE IDEA OF A FORMAL APPLIANCE FOR THE FORESEEABLE FUTURE.

9. WE ASKED FRITTS WHETHER HE WAS PERSONALLY SATISFIED THAT THE ADMINISTRATION'S POLICY TOWARDS CHINA DOVE-TAILED SUCCESSFULLY WITH UNITED STATES POLICIES IN SOUTH EAST ASIA. WE NOTED THAT, WHEREAS THE PROGRESSIVE STRENGTHENING OF RELATIONS WITH CHINA SEEMED TO SERVE VERY WELL UNITED STATES GLOBAL STRATEGIC INTERESTS, THE IMPACT OF THIS WAS MORE AMBIGUOUS AT THE REGIONAL LEVEL IN SOUTH EAST ASIA. FRITTS (PLEASE PROTECT) SAID THAT HE AND SOME OTHERS IN THE EAST ASIAN AND PACIFIC AFFAIRS BUREAU WERE CONCERNED THAT THE REGIONAL IMPLICATIONS OF UNITED STATES CHINA POLICY WERE NOT BEING THOUGHT THROUGH CAREFULLY ENOUGH. WHILE THE DEVELOPMENT OF A CLOSE RELATIONSHIP WITH CHINA WAS ON BALANCE A POSITIVE MOVE IN BOTH STRATEGIC AND REGIONAL TERMS, THERE WERE SEVERAL LOOSE ENDS THAT NEEDED SORTING OUT. FOR EXAMPLE, SOME PEOPLE IN THE ADMINISTRATION

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DEPARTMENT OF FOREIGN AFFAIRS

**INWARD CABLEGRAM**

4-O.WH87347

MAINTAINED THAT CHINA WOULD NOT REST IN INDO-CHINA UNTIL IT HAD DISLODGED THE VIETNAMESE ARMY FROM KAMPUCHEA AND HAD CHANGED THE REGIME IN HANOI TO ONE THAT WAS MORE CONCILIATORY TOWARDS PEKING. IF THIS WAS TRUE, HOW FAR DID THE UNITED STATES WANT TO GO IN HELPING THIS PROCESS EVEN INDIRECTLY? SIMILARLY, THE INDONESIANS AND SOME MALAYSIANS, NOT WHOLLY WITHOUT REASON, REGARDED CHINA AS A POSSIBLE LONG-TERM THREAT TO THE HARMONIOUS DEVELOPMENT OF THEIR SOCIETIES. TO WHAT EXTENT SHOULD THE UNITED STATES TAKE NOTICE OF THESE CONCERNS, WHICH WERE SOMETIMES EXPRESSED IN VERY EXAGGERATED TERMS?

10. FRITTS SAID THAT, DURING HIS DISCUSSIONS IN SOUTH EAST ASIA, HOLBROOKE HAD TAKEN TROUBLE TO EXPLAIN THAT THE ADJUSTMENTS IN POLICY ON SALES OF DEFENCE-RELATED EQUIPMENT TO CHINA WHICH HAD TAKEN PLACE IN CONJUNCTION WITH DEFENSE SECRETARY BROWN'S VISIT TO PEKING WOULD NOT MEAN ANY DRASTIC DEPARTURE FROM THE STATUS QUO, IN THE SENSE THAT WEAPONS WOULD STILL NOT BE SOLD TO CHINA. HOLBROOKE'S IMPRESSION HAD BEEN THAT THE ASEAN GOVERNMENTS STILL REGARDED THE PROGRESSIVE DEVELOPMENT OF UNITED STATES RELATIONS WITH CHINA AS SOMETHING WHICH ON BALANCE HAD A POSITIVE INFLUENCE ON THEIR INTERNATIONAL ENVIRONMENT.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO



## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

5-0.WH87347

ACTION: SEA  
NA  
SA  
ANZ

JBAC  
JBAB  
JBAD  
JBAH

SEC	DEPSECS	EX	PPU	MCO	PA
FAS(SEP)	PSP	FAS(NSA)	JS	ACC	
FAS(WES)	EUR	FAS(DEF)	DP	DC	
FAS(NUC)	NP	NS	FAS(CIC)	FAS(ECO)	
FAS(LT)	FAS(MFS)	FAREP-M	FAREP-P		
FAREP-S					

BRUSSELS COLOMBO DACCA HONG KONG ISLAMABAD LONDON MOSCOW  
NEW DELHI OTTAWA PARIS EMB PORT MORESBY RANGOON UN NEW YORK  
VIENTIANE

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# INWARD CABLEGRAM

O.SI34274 NASH  
TOR 1958 22.02.80

O.SI34274 1615 22.2.80 CLA

TO.  
PP CANBERRA/4181

RP.  
PP KUALA LUMPUR/2825 BANGKOK/1972 JAKARTA/3127  
PP MANILA/1283 TOKYO/181 PEKING/087  
PP SUVA/075 PORT MORESBY/446 WELLINGTON/137  
PP WASHINGTON/243 OTTAWA/040

FM. SINGAPORE / FILE 1705/2/1 REF O.CH874577 O.CH874578

C O N F I D E N T I A L

1980 MOSCOW OLYMPICS : PROPOSED CONFERENCE ON ALTERNATIVE GAMES  
SINGAPORE RESPONSE

WE SAW S R NATHAN, MFA PERMANENT SECRETARY, ON 22 FEBRUARY TO  
EXTEND THE INVITATION AS INSTRUCTED. NATHAN SAID THAT HE WOULD BRING  
THE INVITATION TO HIS MINISTER'S NOTICE WITHOUT DELAY.

2. HE SAID THAT SINGAPORE HAD TO LOOK AT THIS ISSUE FROM TWO ANGLES.  
FIRSTLY, ALTHOUGH PUBLICLY SINGAPORE HAD DECLARED ITSELF IN FAVOUR OF  
A BOYCOTT AS LONG AS A SIGNIFICANT NUMBER OF OTHER COUNTRIES AGREED,  
THE GOVERNMENT HAD TAKEN A FIRM DECISION THAT SINGAPORE SHOULD NOT  
ATTEND THE GAMES IN MOSCOW. THIS HAD BEEN SAID CONFIDENTIALLY TO  
THE UNITED STATES, AUSTRALIA AND OTHER GOVERNMENTS WHO HAD ENQUIRED.

3. SECONDLY, THE QUESTION OF ATTENDING A STEERING COMMITTEE TO  
CONSIDER ALTERNATIVE GAMES WAS A SOMEWHAT DIFFERENT ISSUE. SINGAPORE  
DID NOT THINK THAT SUCH A MEETING SHOULD BE ATTEMPTED UNLESS IT WAS  
CERTAIN THAT IT WOULD BE SUCCESSFUL IN TERMS OF NUMBERS ATTENDING. VI  
EW OF THE FAILURE OF THE MOVES TO GET THE INTERNATIONAL OLYMPIC  
COMMITTEE TO AGREE TO CHANGE THE VENUE THE SUMMER GAMES FROM  
MOSCOW AND THE POOR RESPONSE TO THE FIRST MEETING OF THE STEERING  
COMMITTEE IN WASHINGTON ON 13 FEBRUARY, IT WOULD NOT, REPEAT NOT  
BE DESIRABLE TO ATTEND A SECOND MEETING UNLESS THERE WAS A GOOD BULL-  
UP. SINGAPORE WOULD WISH TO BE IN GOOD COMPANY AND THAT MEANT THAT  
IT WOULD LIKE TO BE ASSURED OF AN ATTENDANCE BY ALL THE OTHER MEMBERS  
OF ASEAN PLUS A SIGNIFICANT NUMBER OF THIRD WORLD COUNTRIES.

4. NATHAN SAID THAT THIS MATTER WOULD BE DISCUSSED BY ASEAN SENIOR  
OFFICIALS WHEN THEY MET IN KUALA LUMPUR ON 25 FEBRUARY. OBVIOUSLY  
THE AUSTRALIAN INVITATION WOULD BE DISCUSSED. SINGAPORE'S VIEW WAS  
THAT IT WAS ESSENTIAL THAT ASEAN SHOULD ACT TOGETHER IN THIS MATTER  
BUT THEY WERE CONCERNED AT THE WAVERING AND DIFFUSE ATTITUDES BEING  
ADOPTED BY THE PHILIPPINES, THAILAND AND INDONESIA. NATHAN COMMENTED

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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2-0.SI34274

THAT QUOTE AUSTRALIA SHOULD GO TO WORK ON THOSE THREE UNQUOTE AS SINGAPORE AND MALAYSIA WERE COMMITTED TO BOYCOTT THE GAMES AS AN ADDITIONAL MEASURE OF DISAPPROVAL OF SOVIET ACTIONS IN AFGHANISTAN.

5. NATHAN EXPRESSED SOME PUZZLEMENT OVER THE VENUE STILL BEING UNDECIDED GIVEN THE FACT THAT THE MEETING WAS TO BE CONVENED NEXT WEEK. HE PRESSED US ON THIS MATTER BUT WE DECLINED TO ATTEMPT TO GUESS.

ACTION: SIR GEOFFREY YEEND T/T  
MR P G F HENDERSON

PRIME MINISTER  
FOREIGN MINISTER  
MIN HOME AFF  
\*MR MCCASKER HOME AFFAIRS\*  
\*MR DEMPSTER HOME AFFAIRS\*  
\*MR ENFIELD PM AND C\*

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DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

3-0.5134274

ACTION: \*MR BURGESS EUR\*  
          \*MR COTTON USA\*

\*MR HENDERSON SEC\*  
\*MR PARSONS DEP SEC\*  
\*MR MCLENNAN (EX)\*  
\*MR HUME (PA)\*  
\*MR ASHWIN FAS(WES)\*  
\*MR PERCIVAL FAS(NSA)\*  
\*DR MERRILLEES (SA)\*  
\*MR VINCENT (IO)\*  
\*MR HOGUE FAS(SEP)\*  
\*MR PETERS SEA\*  
\*MR MCDONALD PSP\*

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# FOREIGN AFFAIRS

→ 250/10/7/16 177

*[Handwritten signature]*

FILE No.....

DATE 25 June, 1979.....

**SUBJECT**

CLARK VISIT

**FOR**.....MR GATE.....

As promised, draft cable on Clark visit. Please note the following:

- . reference to inflight discussions with Minister has been cleared with Bob Gordon
- . Cable would require clearance with I&EA and PM&C before dispatch.

*[Handwritten signature]*

(R. G. Irwin)  
Head, United States Section



DEPARTMENT OF FOREIGN AFFAIRS

INWARD CABLEGRAM

*J. Baker*

*Please ring urgently about this*

O.WH78667 1516 21.6.79 CLA

TO.  
PP CANBERRA/4277

RP.  
RR BANGKOK/486 JAKARTA/409 KUALA LUMPUR/250  
RR SINGAPORE/216 MANILA/542 HONG KONG/170  
RR GENEVA/1768  
BB HANOI/006

FM. WASHINGTON / FILE 221/11/8/1/8

C O N F I D E N T I A L

INDOCHINESE REFUGEES - VISIT TO AUSTRALIA BY AMBASSADOR CLARK

ON 19 JUNE, FORMER SENATOR DICK CLARK (AMBASSADOR AT LARGE AND CO-ORDINATOR FOR REFUGEES) TOLD US THAT HE WOULD ACCOMPANY THE SECRETARY OF STATE TO CANBERRA NEXT MONTH AFTER THE BALI MEETING. CLARK SAID THAT WHILE OTHERS IN THE UNITED STATES PARTY WERE INVOLVED IN THE ANZUS TALKS, HE WOULD BE GLAD TO DISCUSS THE INDOCHINESE REFUGEE SITUATION WITH APPROPRIATE MINISTERS AND OFFICIALS. HE SEEMED INTERESTED IN COMPARING THE DEGREE OF PUBLIC ACCEPTANCE IN THE UNITED STATES AND AUSTRALIA TOWARDS CONTINUING INTAKES OF INDOCHINESE REFUGEES. YOU MAY WISH TO SUGGEST AN OUTLINE PROGRAM TO HIM.

2. WE REFERRED TO THE EARLIER SOVF INVITATION TO CLARK AND SUGGESTED THAT HE MIGHT LIKE TO STAY ON IN AUSTRALIA FOR A SHORT WHILE AFTER THE ANZUS MEETING, BUT HE SAID THAT HE WOULD HAVE TO RETURN WITH VANCE. NEVERTHELESS, HE HOPED TO INCLUDE AUSTRALIA IN A VISIT TO THE REGION LATER IN THE YEAR.

3. OTHER POINTS OF INTEREST IN THE CONVERSATION WERE:

(A) CLARK CONFIRMED THE UNITED STATES INTENTION TO TAKE EVERY AVAILABLE OPPORTUNITY TO CONDEMN VIETNAM'S ACTIONS WITH REGARD TO REFUGEES, BUT ADMITTED THAT THIS MIGHT NOT HAVE ANY PRACTICAL SHORT-TERM EFFECT IF SRV REMAINED INDIFFERENT TO WORLD OPINION.

(B) FOLLOWING DE HAAN'S UNDERSTANDING WITH THE VIETNAMESE ON ORDERLY DEPARTURES AND TO TAKE AWAY THE INITIATIVE THEY HAD THUS SEIZED, THE UNITED STATES HAD PUT FORWARD THE NAMES OF 5000 PERSONS IT WAS PREPARED TO RECEIVE DURING JUNE FOR FAMILY REUNION. THE VIETNAMESE HAD JUST NOW REPLIED THAT THEY COULD RELEASE ONLY 400 OF THESE PEOPLE AND EVEN THEN THEIR DEPARTURE WOULD HAVE TO BE DELAYED UNTIL JULY. CLARK SAID THAT THIS SEEMED TO CONFIRM THAT THE VIETNAMESE WERE NOT SERIOUS IN THE COMMITMENTS THEY HAD MADE TO DE HAAN.

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O.WH78667 JHNE  
TOR 0850 22.06.79

*known*

*USN*

*357-3551*

*Cable on*

*caloon:*

*- pm?*

*- mem for IEA*

*- Sec. DFA*

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## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2-0.WH78667

(C) THE UNITED STATES CONGRESS WAS PREPARED TO CONTEMPLATE AN INCREASED UNITED STATES INTAKE OF INDOCHINESE REFUGEES (CLARK HAS TESTIFIED TWICE THIS WEEK) BUT WOULD EXPECT THIS TO TAKE PLACE IN THE CONTEXT OF AN IMPROVED PERFORMANCE BY OTHER DEVELOPED COUNTRIES.

(D) THE ADMINISTRATION WAS LOOKING AT ALL THE OPTIONS, INCLUDING ANOTHER CONFERENCE AND UNITED NATIONS SECURITY COUNCIL DISCUSSION, BUT NO CLEAR SOLUTIONS WERE PRESENTING THEMSELVES. GIVEN THE RAPIDLY INCREASING DIMENSIONS OF THE PROBLEM, THE REGIONAL PROCESSING CENTRE WAS A CASE OF TOO LITTLE, TOO LATE.

ACTION: DEP FOREIGN AFFAIRS  
DEP IMM ETH AFF T/T

DEP DEFENCE  
 DEP P M AND CABINET  
 ONA  
 ASIO (C)  
 JIO  
 ASIO (M)

- NSA.  
 - CIP.  
 - ANZ.  
 - Policy planning

ACTION: ANZ  
 CIP

LF

SEC	DEPSECS	EX	PRO	FAS(SEP)	SEA
FAS(NSA)	SA	FAS(WES)	EUR	FAS(DEF)	
DP	DC	FAS(IOC)	FAS(PCR)	INF	
FAS(LT)	GLT	FAS(MFS)			



DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.WH78667 JHNE  
TOR 0850 22.06.79

O.WH78667 1516 21.6.79 CLA

TO.  
PP CANBERRA/4277RP.  
RR BANGKOK/486 JAKARTA/409 KUALA LUMPUR/250  
RR SINGAPORE/216 MANILA/542 HONG KONG/170  
RR GENEVA/1768  
BB HANOI/006

FM. WASHINGTON / FILE 221/11/8/1/8

C O N F I D E N T I A L

INDOCHINESE REFUGEES - VISIT TO AUSTRALIA BY AMBASSADOR CLARK

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*Mr Inman**re info**CRA said we must keep informed**Having a sense of what is happening**I've shown him this cable*



## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2-0.WH78667

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ACTION: DEP FOREIGN AFFAIRS  
DEP IMM ETH AFF T/T

DEP DEFENCE  
DEP P M AND CABINET  
ONA  
ASIO (C)  
JIO  
ASIO (M)

CONFIDENTIAL

CONFIDENTIAL

ACTION: ANZ  
CIP

LF

SEC	DEPSECS	EX	PRO	FAS(SEP)	SEA
FAS(NSA)	SA	FAS(WES)	EUR	FAS(DEF)	
DP	DC	FAS(IOC)	FAS(PCR)	INF	
FAS(LT)	GLT	FAS(MFS)			



250/10/7/16,

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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

O.BS9627 SC09  
TOR 0606 05.05.79

O.BS9627 1850 4.5.79 CLA

TO.  
RR CANBERRA/8570

RP.  
RR JAKARTA/055 SINGAPORE/039 KUALA LUMPUR/024  
RR BANGKOK/034 MANILA/029 GENEVA/761  
RR BONN/1742 PARIS EMB/1947 OTTAWA/983

FM. BRUSSELS / FILE 910/1 O.CH821132

C O N F I D E N T I A L

INDOCHINESE REFUGEES: JAKARTA CONFERENCE

WE GAVE DESI TODAY A RUNDOWN ON THE VARIOUS ASPECTS OF THE PROPOSED REFUGEE CAMP ON THE BASIS OF THE POINTS SET OUT IN YOUR REFTEL. FROM DESI'S SUBSEQUENT REMARKS WE BELIEVE THAT HE NOW NO LONGER SEES ANY CONTRADICTION IN THE INTENDED AIMS OF THE ISLAND CENTRE. YOUR PARA. 4, FOR EXAMPLE, WAS MOST HELPFUL IN UNDERLINING THE INTENDED PURPOSE OF THE CAMP (ALTHOUGH WE MUST SAY THAT TERMS SUCH AS 'ISLAND PROCESSING CENTRE' POSSIBLY GO SOME WAY IN RAISING THE SORT OF UNCERTAINTIES THAT THE BELGIANS HAVE HAD.)

2. ON THE QUESTION OF THE ADMINISTRATIVE ARRANGEMENTS FOR THE PROPOSED CAMP, DESI INDICATED THAT BELGIUM'S RESERVATIONS - AND THOSE OF THE OTHER EUROPEAN MEMBERS OF THE GROUP OF COUNTRIES WITH WHICH BELGIUM IS IN TOUCH ON THIS - REMAIN STRONG. TO ILLUSTRATE THIS, HE REFERRED TO A CABLED REPORT FROM THE BELGIAN AMBASSADOR IN GENEVA OF A MEETING WITH THE U.S., CANADA, FRANCE AND GERMANY TO DISCUSS THE MOCHTAR PROPOSAL. DESI PRESUMED WE WOULD BE WELL AWARE OF THE US AND CANADIAN POSITIONS, ADDING THAT HE UNDERSTOOD CANADA WAS PREPARED TO MAKE A QUITE GENEROUS INITIAL FINANCIAL CONTRIBUTION. GERMANY, ON THE OTHER HAND, HAS EXPRESSED ITS CONSIDERABLE SCEPTICISM WITH THE PROPOSAL AND REFERRED TO THE MANY DANGERS WHICH IT CONSIDERED WOULD BE INHERENT IN CARRYING IT OUT. THE PROPOSAL ALSO HAD THE DISADVANTAGE OF NOT HELPING TO CATER FOR THE BOAT PEOPLE AND OTHER REFUGEES STRUGGLING TO FIND A COUNTRY OF FIRST ACCEPTANCE. THE FRENCH AMBASSADOR WAS REPORTED AS SAYING THAT FRANCE WAS 'HOSTILE' TO THE PROPOSAL AND THAT THE BEST ANY MEETING SUCH AS THAT IN JAKARTA COULD EXPECT FROM FRANCE WOULD BE RETICENCE. FRANCE DID NOT BELIEVE IN THE CONCEPT OF 'TRANSIT PROLONGE' FOR REFUGEES AND, FOR ITS PART, ALWAYS ARRANGED IMMEDIATE TRANSPORT TO FRANCE OF THOSE REFUGEES FRANCE HAD AGREED TO ACCEPT.

3. WHEN WE QUESTIONED HIM FURTHER, DESI SAID HE WAS SURE FRANCE WOULD NOT TRY TO BLOCK THE MOCHTAR PROPOSAL IN ANY WAY, BUT THEY

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CONFIDENTIAL  
CONFIDENTIAL



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.859627

WOULD ALMOST CERTAINLY REMAIN PRIVATELY VERY MUCH AGAINST IT. DESI ALSO AGREED THAT, ALTHOUGH FRANCE HAD TAKEN MORE INDOCHINESE REFUGEES THAN ANY COUNTRY EXCEPT THE UNITED STATES, FRANCE'S POSITION (BOTH POLITICAL AND SOCIAL) VIS A VIS THE REFUGEES WAS QUITE DIFFERENT FROM THAT OF THE ASEAN COUNTRIES.

4. DESI ADDED THAT EUROPEAN REACTIONS TO PROPOSALS SUCH AS THAT BY PROFESSOR MOCHTAR ARE INEVITABLY COLOURED BY EUROPE'S OWN EXPERIENCE WITH TRANSIT CAMPS FOR REFUGEES IMMEDIATELY AFTER THE WAR. THIS EXPERIENCE HAD BEEN SUFFICIENTLY BAD, ACCORDING TO DESI, TO COLOUR THE ATTITUDE OF EUROPEAN COUNTRIES TO THE ESTABLISHMENT EVER AGAIN OF ANY SUCH CAMPS, NO MATTER WHERE IN THE WORLD. DESI CONCLUDED BY SAYING THAT IT WAS POSSIBLE THAT THE MOCHTAR PROPOSAL WOULD ALSO BE EXAMINED BY THE PERMANENT REPRESENTATIVES OF THE NINE WHEN THEY NEXT HAD A POLITICAL COOPERATION MEETING.

5. DESI CONFIRMED AS WE WERE LEAVING THAT THE ASEAN AMBASSADORS HAD CALLED ON THE DIRECTOR-GENERAL OF POLITICAL AFFAIRS (SCHOU MAKER) ON 2 MAY. THE MAIN AIM OF THE AMBASSADORS HAD BEEN TO EMPHASISE THE POLITICAL PROBLEM FACING THE ASEAN COUNTRIES AS A RESULT OF THE REFUGEE PROBLEM RATHER THAN REHEARSING THE PROS AND CONS OF THE ISLAND CENTRE PROPOSAL.

ACTION: DEP FOREIGN AFFAIRS  
          DEP IMM ETH AFF       T/T

PRIME MINISTER  
FOREIGN MINISTER  
MIN IMM ETH AFF  
DEP DEFENCE  
DEP P M AND CABINET  
ONA  
ASIO (C)  
JIO  
ASIO (M)

.../3



170

DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

3-0.B59627

ACTION: SEA  
CIP  
DDO

LF

SEC	DEPSECS	EX	FAS(SEP)	FAS(NSA)
NA	SA	FAS(WES)	ANZ	FAS(IOC)
FAS(PCR)	INF	FAS(LT)	GLT	FAS(MFS)

CONFIDENTIAL  
CONFIDENTIAL



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

250/10/7/16 169

O.WL1815 DFAN  
TOR 0923 27.04.79

O.WL1815 1650 26.4.79 CLA

TO.  
PP CANBERRA/1174

RP.  
RR JAKARTA/106

FM. WELLINGTON / FILE 225/31/1

C O N F I D E N T I A L

INDOCHINA REFUGEES - JAKARTA CONFERENCE - NEW ZEALAND

YOUR 79/95166

FOREIGN AFFAIRS AND IMMIGRATION OFFICIALS MET ON 26 APRIL AND AGREED ON A PROPOSAL TO PUT TO MINISTERS FOR THEIR ENDORSEMENT NEXT WEEK. IT SHOULD BE NOTED THAT THE FOLLOWING REPRESENTS OFFICIALS' VIEWS ONLY.

2. IT WILL BE SUGGESTED THAT NEW ZEALAND ADOPT A POSITION SIMILAR TO AUSTRALIA'S, IN THE HOPE THAT THE ISLAND PROCESSING CENTRE WILL DEVELOP BEYOND THE PRESENT RATHER NARROW CONCEPTION INTO SOMETHING MORE LIKE THE CANADIAN PROPOSAL. NEW ZEALAND'S REFUGEE PROGRAM WOULD NOT BE AFFECTED BY THE EXISTENCE OF A CENTRE AS PRESENTLY CONCEIVED, BUT FOR POLITICAL REASONS (TO SUPPORT THE ASEAN COUNTRIES AND TO MARSHALL SUPPORT FOR AN ADMINISTRATIVELY MANAGEABLE IDEA), IT SHOULD ASSIST IN GETTING THE PROPOSAL OFF THE GROUND. WHILE POLITICAL CONSIDERATIONS PRESENTLY OVER-RIDE PRACTICAL ONES, NEW ZEALAND WOULD HOPE TO ALLOCATE A PROPORTION OF ITS FUTURE REFUGEE QUOTAS TO THE CENTRE IF ITS SCOPE WERE BROADENED.

3. NZ OFFICIALS ASSUME THAT THE UNITED STATES WILL BEAR THE BRUNT OF THE COST OF THE CENTRE. ORMSBY (UN DIVISION MFA) TOLD US THAT AT THE END OF MARCH THE GOVERNMENT HAD MADE A CONTRIBUTION TO THE UNHCR WHICH WAS IN ADDITION TO ITS ASSESSED CONTRIBUTION. THE AMOUNT WAS STILL UNDISCLOSED, BUT THE UNHCR HAD BEEN PLEASED WITH ITS SIZE. AS THE MONEY HAD BEEN EARMARKED FOR INDOCHINESE REFUGEES, NEW ZEALAND WOULD NOT EXPECT TO OFFER A FINANCIAL CONTRIBUTION TOWARDS THE COST OF SETTING UP THE CENTRE AT THE JAKARTA MEETING.

4. THE INVITATION FOR THE MEETING HAS NOT BEEN RECEIVED, BUT THE FOREIGN MINISTRY ASSUMED THE AMBASSADOR IN JAKARTA WOULD ATTEND.

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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.WL1815

ACTION: DEP FOREIGN AFFAIRS  
DEP IMM ETH AFF T/T

PRIME MINISTER  
FOREIGN MINISTER  
MIN IMM ETH AFF  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
ASIO (C)  
JIO  
ASIO (M)

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ACTION: SEA  
CIP

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SEC  
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DEPSECS  
FAS(WES)  
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FAS(SEP)  
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FAS(MFS)

FAS(NSA)  
FAS(PCR)

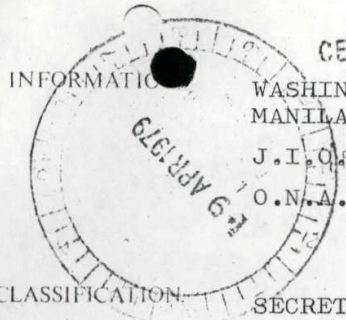


→ USA (to retain)

FOREIGN AFFAIRS

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167



CENTRAL

IN REPLY  
QUOTE

M. SI 004364

DATE. 3 April 1979

REGISTRY  
CODE

WASHINGTON  
MANILA

J.I. APR 5

O.N.A.

2 15 PM 1979

CANBERRA

REF. M.

TO FILE

INWARDS

FM.

SINGAPORE

CLASSIFICATION

SECRET

FM. FILE.

1254/1

POST  
SEQUENCE  
NUMBER

1306

② 250/10/7/16

SUBJECT. SINGAPORE: RELATIONS WITH THE UNITED STATES: ARMS SUPPLIES

Ingraham (American Charge d'Affaires) told us on 28 March that Singapore had recently revived its request for the U.S. to provide it with I-Hawk anti-aircraft missiles, and for Clark Air Base in the Philippines to provide facilities for Singapore A-4 aircraft training. Ingraham said his personal view was that both requests were likely to be acceded to.

2. Ingraham said that the earlier American argument that they would not take any action to introduce new types of weapons into the region was now regarded as rather specious, as the Americans knew well (to their cost!) that Vietnam already had sophisticated surface-to-air missiles. He said a difficulty that he previously confronted the Americans had been their self-imposed constraints on the total level of their weapons sales, but now that this level was declining, with the Shah of Iran out of the market, a relatively modest sale to Singapore should not constitute any difficulties.

3. As regards A-4 training, Ingraham said that the Americans had previously put off considering the request until the bases negotiations with the Philippines were settled. This question was now resolved.

*[Signature]*

(C.A. Edwards)  
Deputy High Commissioner

① Mr. [Signature]

Please pass a copy to  
political branches

② file. K.I.1/  
10/4

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RESTRICTED  
FOREIGN AFFAIRS

CENTRAL  
D.F.

DATE. 20 November 1978

INFORMATION. JMW 27a Q 12 30 170  
Kuala Lumpur  
Bangkok  
Manila  
Washington

IN REPLY  
QUOTE

M. SI 002719

REGISTRY  
CODE

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TO. CANBERRA

REF. M.

TO FILE. 827/3/72

FM. SINGAPORE

CLASSIFICATION. RESTRICTED

FM. FILE. 1254/1

POST  
SEQUENCE  
NUMBER

0833

SUBJECT. US/SINGAPORE ECONOMIC RELATIONS

On 13 October we sought a briefing from Mr John Hoog, Second Secretary (Economic/Commercial) in the US Embassy on the visit to Singapore of the OPIC-sponsored investment mission headed by Mr Charles Robinson and the visit shortly after of the mission led by the President of Ex-Im Bank, Mr John Moore. Both missions were fullfilments of pledges made at the August US/ASEAN dialogue in Washington.

2. Overall, according to Hoog, Singapore was satisfied with the efforts being made by the US to support ASEAN, at least in the economic sphere. The Singaporeans were resigned to the fact that they could now not get OPIC coverage. The US Embassy had found that only very few US companies in Singapore had in fact been covered by OPIC and for some of these it was simply company policy to take out such insurance in any country covered by OPIC.

3. The OPIC mission was made up of over 20 members; however in Singapore the mission split up and most went on to Indonesia. Less than half remained in Singapore. When it learnt that this was going to happen the Embassy had been somewhat concerned about how the Singaporeans would react. In the event Hoog maintained that there were no real difficulties. Many members of the mission who went to Indonesia already were well informed about Singapore or were mainly involved in primary commodities and as such Indonesia was of more interest. The Singaporeans were pleased that a number of the members of the mission that stayed on in Singapore seemed fairly definite about their intentions of investing in Singapore. Hoog mentioned that generally the main problem US investors saw facing them in Singapore was the labour shortage and higher wages. He thought that by comparison the other ASEAN countries were now becoming more attractive to many US investors. Singapore however was regarded as a good prospect for those US companies wishing to compete with the Japanese in product areas requiring more skilled manpower.

ENCLOSURES ATTACHED

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National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1



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- 2 -

4. The OPIC mission had discussions with Lee Kuan Yew and Finance Minister Hon Sui Sen. According to Hoog, Lee said nothing new. Lee had done most of the talking and delivered the standard speech on his geo-political perceptions of the region and the world. It appears that very little of a bilateral nature was discussed. Lee was reported in the press as informing the mission that all types of investment would be welcomed provided they did not offer skills which were lower than what are currently in Singapore.

5. In view of the state of the US economy and the falling value of the dollar, Hoog was not confident that US investment in Singapore would increase markedly in the near future. Nor in his view was EEC investment likely to increase greatly in the short term. The situation was quite different with regard to the Japanese and the Singaporeans were now focussing their attention in this direction.

....

6. The US Ex-Im Bank mission was mainly involved in negotiations on the financing of SIA's purchase of Boeing and McDonnell Douglas aircraft. A comprehensive summary of the results of the negotiations was contained in the attached report from the Asian Wall Street Journal of 10 November (copy attached for Canberra and Washington only). Ex-Im Bank has agreed to provide 42.5% of the financing of SIA's order of four 727s and three DC10s. For SIA's purchase of the ten 747s it has agreed only to provide a guarantee on the loans. It was considered that in respect of the smaller aircraft (which was not the case with the 747) there was competition to the US from other sources, e.g. the European Airbus. On a more general level Hoog said that the Ex-Im Bank now seemed to be adopting a more aggressive stance. They were determined that US companies were not to be out-competed, especially by the Japanese, for the want of adequate financing.

7. We raised with Hoog other matters which have recently been the subject of some concern in Singapore's economic relations with the US:

- (i) Singapore was mainly concerned at the possibility of losing GSP privileges. Because of its vulnerability in this regard it tended not to be in the forefront of ASEAN efforts to enlarge or broaden the US GSP.

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- 3 -

- (ii) The relevant US authorities were watching with interest recent developments whereby Japanese companies were setting up production in Singapore of colour TV tubes. At the moment most of the Japanese TV production in Singapore was exported to Japan and in fact the major exporter of Singapore colour TV sets to the US was G.E., a US company.
- (iii) The ITC had dismissed as groundless the subsidies case brought against a number of ASIAN countries including Singapore. Some South American countries including Brazil had however not escaped the charge that their governments had unfairly been subsidizing certain of their exports to the US.
- (iv) A recent visit by two officials from US Customs and the Commerce Department to explain the US GSP scheme and customs classification generally was well received. There had been a large and enthusiastic turn-up at the Chinese Chamber of Commerce and Industry. Questions had been detailed and the US officers who were involved with customs classification at a practical or desk level were able to give detailed answers.

*A. J. Verner*  
(A. J. Verner)  
Second Secretary

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# U.S. Ex-Im Bank Offers Less Funding Than Singapore Airlines Seeks for Planes

By ANDY McCUE

Special to THE ASIAN WALL STREET JOURNAL

SINGAPORE—The U.S. Export-Import Bank has tentatively offered Singapore Airlines substantially less financing than it wants for its mammoth \$900 million purchase of Boeing Co. aircraft, the bank's president and chairman disclosed here.

John L. Moore Jr. also said the Bank was trying to bring South Korea's Ex-Im Bank within the framework of agreements on such banks, a move aimed at reducing competition. The U.S. Ex-Im Bank also is willing to supply large sums to the industrial projects sponsored by the Association of Southeast Asian Nations if American goods are part of the package, he added.

In an application received by the bank about two months ago, SIA requested a loan to finance 42.5% of the export value of 10 Boeing 747s and 55% of the export value of four Boeing 727s and three McDonnell Douglas DC 10s. Mr. Moore said the bank responded about a month ago with a preliminary offer to lend 42.5% of the export value of the smaller 727s and DC10s, but would provide only a guarantee on the loan for the 747s.

The bank's response of dividing the offer between short and long-haul jets indicates the loans are still governed by the bank's charter to help U.S. exports only when they are threatened by foreign export-import banks' financing schedules.

On the shorter runs to be flown by the DC10s and Boeing 727s, SIA could use the European Airbus, which might be financed at concessional terms by European Ex-Im banks. On the longer haul routes that the 747 will fly, however, the bank believes the Boeing plane has no effective competition. Therefore, loans were offered for the smaller planes but only loan guarantees for the 747s. The bank calculates that 15% of the purchase price will be the downpayment, and it is willing to finance half the remainder.

## May Announcement

In May, when SIA announced the order to Boeing, it said it expected to finance 50% of the purchases through sales of its existing fleet, depreciation and cash flow; 30% to 40% through the Ex-Im Bank, and the remaining 10% to 20% from commercial banks. If the Ex-Im Bank remains firm in offering loan guarantees, a considerable loan volume for commercial banks and other lending institutions could open up.

The SIA order called for firm delivery of 10 Boeing 747s and an option on three more planes for a total value of about \$800 million. SIA had hoped to get \$520 million to \$320 million financed by Ex-Im Bank loans, which are usually made at rates one or two points below the market interest rate.

If the bank refuses to grant the loans, that money will have to come from nongovernment lending institutions, although the bank will serve as guarantor. Banks and other financial institutions had been hoping for business totaling only \$80 million to \$160 million before the banks' offer.

Both bank officials and SIA executives emphasized that the bank's offer wasn't final. After a meeting between Mr. Moore and SIA Chairman J.Y.M. Pillay and Managing Director Lim Chin Beng, participants indicated SIA would reexamine its application while SIA officials are still hopeful loans can be obtained for some part of the purchase price.

For the shorter range DC10s and Boeing 727s, SIA is believed to be happy with the

bank's offer of \$81 million in loans, or 42.5% of the export value. The loans will be for 10 years at 8.375%. The bank's usual limit is 42.5% of export value. The bank calculates that 15% of the purchase price will be the downpayment, and it is willing to finance half the remainder.

Bankers expect SIA will have little trouble getting the money at good rates. They consider the company to be under excellent management, and Singapore itself hasn't any external debt and has an unimpeachable credit rating.

Some bargaining could result from SIA's expected desire to get the loan at a fixed interest rate and, perhaps, without government guarantees. While bankers are likely to offer small spreads over the Singapore interbank rate to the airline, they would like to keep a floating rate on the loan rather than commit to a fixed rate over a long period.

SIA's two original applications to the Ex-Im Bank were made on the basis of the two different manufacturers, Boeing of Seattle, Washington, and McDonnell Douglas Corp., of St. Louis, Missouri.

Although substantial agreement has been reached on financing the smaller planes, which have a total price of just over \$200 million, both sides said they were negotiating toward a package that would cover all the planes. Part of the package isn't likely to go through without acceptance of the remainder. The first plane deliveries under the plan are scheduled for next year.

The negotiations were carried on Wednesday afternoon in the midst of Mr. Moore's swing through Southeast Asia, New Zealand and Australia. In addition to SIA officials, he also talked with Finance Minister Hon Sui Sen.

## Complained of Violations

At a news conference in Singapore, Mr. Moore indicated that negotiations to amend the rules governing Ex-Im banks will include a move to bring in those institutions from some of the more successful developing countries, such as South Korea, Mexico and Brazil.

The U.S. has complained that the current agreement is being violated by some countries that are already members of the Organization for Economic Cooperation and Development, under whose umbrella the group operates. Specifically, the U.S. has complained that countries like Japan and France are tying financing from their Ex-Im banks to aid. The U.S. has proposed firmer rules on tied aid and further meetings are expected in December.

The Americans also have proposed an increase in interest rates by half a percentage point. This would make the range for developing countries 7.5% to 8.5%, and for intermediate countries 7.75% to 8.75%. Analysts say such a move is aimed at Ex-Im banks like those of Japan and South Korea, which have cut rates to guarantee contracts for national companies.

Mr. Moore indicated the group, which oversees Ex-Im banks, would have to create a special subcommittee because South Korea isn't a member of the OECD.

Mr. Moore also said the U.S. Ex-Im Bank was interested in helping finance the ASEAN industrial projects "to the extent that U.S. goods and services" are involved. Japan has pledged \$1 billion in aid for the five projects—urea plants for Indonesia and Malaysia, diesel engines for Singapore, phosphate for the Philippines and soda ash for Thailand.

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Asian Wall Street Journal

10/11/78



## FOREIGN AFFAIRS

DATE. 16 October 1978

INFORMATION.

IN REPLY  
QUOTE

M. SI 002318

REGISTRY  
CODE

TO. CANBERRA

REF. M.

TO FILE.

FM. SINGAPORE

CLASSIFICATION. UNCLASSIFIED

FM. FILE. 1202/3

POST  
SEQUENCE  
NUMBER

0708

SUBJECT. SINGAPORE: ADDRESS BY LEE KUAN YEW

.... Attached is a transcript of the lecture delivered by Prime Minister Lee Kuan Yew at the Twenty-Sixth World Congress of the International Chamber of Commerce on 5 October 1978. The Congress was held in Orlando, U.S.A.

2. Lee's lecture is a persuasive argument for the advantages of economic growth based on the importation of capital and expertise, compared with "state planning and state corporations". He commences with an outline of the political disputes facing the communist countries to Singapore's north and how these have been to the advantage of the ASEAN countries; and follows with an analysis of Singapore's economic growth, pointing out that much of Singapore's success was due to the importation of foreign managerial and technical skills. He claims that, just when the leading developing countries are beginning to recognise the effectiveness of this approach, the industrialised countries are undergoing "a loss of nerve", resulting in growing protectionist trends. He concludes that only "enterprise, operating in a free market, not subsidies and protectionism..... will lead the way/out this present economic trough."

3. Of interest are Lee's comments about Japan (pp5-7). He accepts that an effective Japanese defence capability is inevitable, and provided this is under the US nuclear umbrella and Japan does not possess its own nuclear weapons, he sees this as a positive contribution to stability in East Asia and the Pacific. This is the first public comment made by the Singapore leadership on the recent Japanese defence debate.

4. Lee's speech has been given, as usual, wide publicity in Singapore. Singaporeans have not only been able to read it in its entirety in the local press, but have had the pleasure of seeing it being delivered in a television replay. Moreover, favourable comments on the speech by such notables as Herman Kahn and the Governor of Florida also featured in the Singapore press.

Mo Warner  
Jh Men

(G.L. Robins)  
Third Secretary

National Archives of Australia

ENCLOSURES ATTACHED

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NAA: A1838, 250/107/16 PART 1



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SPECIAL LECTURE BY THE PRIME MINISTER, MR LEE KUAN YEW,  
AT THE 26TH WORLD CONGRESS OF THE INTERNATIONAL  
CHAMBER OF COMMERCE, ORLANDO, ON 5 OCTOBER 1978

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EXTRAPOLATING FROM THE SINGAPORE EXPERIENCE

Prospects Brighten for ASEAN

Three years ago, after the communist victories in Cambodia and Vietnam, the future looked distinctly bleak for non-communist Southeast Asia. The tightly-organised society in North Vietnam had worn down and overcome all that the Americans could do to prevent them from winning. There seemed nothing to prevent Vietnamese drive and zeal from speedily repairing the ravages of war and reconstructing their economy. And in 10-15 years, Vietnam could have become an industrialising communist society with capacity to spare to spread revolution and liberation to all the un-enlightened, capitalist-ridden countries around them.

But history has its discontinuities. After 30 years of incessant guerilla wars, communist victories in Vietnam and Cambodia did not lead to peace and reconstruction. Instead, there have been violent clashes between Vietnam and Cambodia across their common border, killing and maiming soldiers and civilians and wreaking havoc. On the Cambodian-Thai border, innocent Thai villagers have been butchered and disembowelled. On the Vietnam-China border, border guards and civilians have been killed.

...2/-



No one could have predicted that after more than 20 years of highly skilled diplomacy in keeping neutral in the Sino-Soviet conflict, and receiving aid from both China and the Soviet Union, Vietnam would become a member of COMECON in June this year. And in July, she was in conflict with China, engaged in vociferous acrimony over the fate of ethnic Chinese in Vietnam.

One must assume that the communist leaders of Cambodia, Vietnam, and China know that all this feuding and killing is not helping the other communist parties and their liberation forces in non-communist Southeast Asia. Yet, they seem unable to resist their impulses to pre-empt each other's future role and influence in Southeast Asia. The impact on the non-communist peoples of Asia of these unexpected developments has been profound, as they watch in bewilderment, if not disbelief. Communism means something much grimmer, more gruesome than the coloured pictorials depicting gloriously happy workers and peasants working together and enjoying equal happiness and material comforts in a classless society.

When the Chinese Communist Party won in China, communism was equated with agrarian reform, which was humane, gradualist, and flexible. Communism was said to have wrought a miracle. Instead of chaos, corruption, hyper-inflation, and disintegration, communism was reported to have created a social order in China which enhanced human dignity. China's economic progress and socialist



transformation were believed to be making a morally superior society. Some even believed that it made the Chinese super warriors, for how else could the poorly equipped armies of China cross the Yalu River in 1950 to drive the Americans and other UN contingents down the Korean peninsula?

For two decades, China was shrouded in mystery. The world outside believed a great socialist industrial transformation was taking place. In 1964, the first Chinese atomic bomb was exploded. More news followed of scientific triumphs in advanced nuclear explosives. Who, outside China, really knew that in 1966, China was to be caught in a great internal convulsion? Fewer still expected that the Cultural Revolution was to last more than 10 years, causing great social and economic havoc, until Mao died in 1976.

People in the world outside had to wait till after President Nixon's visit to China in 1972 before they could gradually piece together the true picture of triumphs and failures of China.

In Indochina, however, communist victories in 1975 have been followed by a dreadful catalogue of displacement of people, inhuman dispersals of city populations, misery, privation, despair, and exodus.

...4/-



Communism has had a very different meaning for the world outside. Nowhere else is the impact of these tragedies felt more than in the neighbouring non-communist countries of Southeast Asia. Spasmodic ejections of refugees, already over 350,000, have not stopped. Whole families, whole clans, risk everything to flee from their homeland, although they know that even if they escape a watery grave, it will only mean months, if not years, festering away in refugee camps in Thailand, Malaysia, or elsewhere.

After the shock of the collapse of the non-communist regimes of South Vietnam, Cambodia, and Laos, the other non-communist governments of Southeast Asia, Indonesia, Malaysia, Philippines, Singapore, and Thailand, have cooperated more closely together in ASEAN. Differences were reconciled or muted in the quest for peace and harmony, for survival as non-communist societies. All seek greater economic growth, through greater stability, unity, and cooperative approach to regional problems.

On the other hand, the communist countries of Vietnam and Cambodia, and China and Vietnam, are locked in deep conflict. Had they continued to display the solidarity which Marx attributed to the working classes of the world, as they appeared to have done in the long years of the war against America, the future would be ominous. But long years of war have made them devotees of Mars more than of Marx. Now, both Vietnam and China

...5/-



are seeking the friendship and understanding of each of the ASEAN countries, and of ASEAN as a regional economic organisation. Both Mr. Pham Van Dong, the Vietnamese Prime Minister, and Mr. Teng Hsiao-ping, China's Vice-Premier, are scheduled to visit the ASEAN countries in October and November respectively. The kaleidoscope has turned once more, and a fascinating, if complicated, pattern is unfolding. It holds out the promise of more years of relative peace and stability for the non-communist countries of ASEAN. There is more time for more economic progress to be achieved, and for some of the social and political problems to be lessened, if not resolved.

These changes are one facet of the overall change in the great power balance in East Asia and the Pacific. After successive shocks from the time of President Nixon to President Carter, Japan has shown a reluctant acceptance of her position in this changed world. She is a great economic power in her own right. After six years of dithering since 1972, she has signed the treaty of peace and friendship with China. The Chinese made it easier by allowing Japan, first, to subscribe to her clause against hegemonism, and, next, specifically to state that it does not affect Japan's relations with any third party, namely the Soviet Union. Japan seems poised to be a major exporter of capital equipment and technology to China. At a time when Japanese exports to America and Europe are the cause of friction over huge

...6/-



If these open discussions had happened 5 years ago, the people and leaders in ASEAN countries would have expressed alarm at the resurgence of Japanese militarism. All the present generation of ASEAN leaders have personal experience of Japanese militarism and occupation in 1941-45. However, 33 years after the war, different circumstances and new developments have presented more dangerous threats to our relative prosperity and progress. Most leaders realise and accept the fact that an effective Japanese defence capability is inevitable. Provided the Japan Self-Defence Agency does not have nuclear weapons, and works under the US nuclear umbrella, it can be a positive contribution to a quadrilateral great power balance in East Asia and the Pacific. The geopolitical realities of East Asia and the Pacific have changed. They have changed more than that of West Europe and the Atlantic in the last decade.

#### The Singapore Experience

I sometimes wonder how much of this change is objective, and how much is subjective, a change in men's minds, their thinking, their perspectives of the future extrapolating from the present. Twenty-four years ago, in 1954, I viewed the Vietnamese communist victory at Dien Bien Phu over the French with very different feelings. I felt exhilaration over the triumph of a subject people over their colonial masters. Better the communists than

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the colonialists I thought. In Singapore, I was myself in a united front with cadres of the Malayan Communist Party, actively fomenting political unrest to make the British position in Singapore and peninsular Malaya untenable, and to force them to hand over power.

In the United Front, united against the British, were socialists, communists, and some simply anti-colonialists. Both sides, the non-communist socialists and the communists, knew that the United Front was a convenience. Both knew that after the British had handed over power, they would clash. In 1959, we, the non-communist socialists, won the elections, and I took office in an internally self-governing Singapore. And clash with the communists we did. Fortunately, the communists did not come out on top. In 1963, Singapore merged with the Federation of Malaya to form the Federation of Malaysia. Malaysia was "confronted" by Dr. Sukarno's Indonesia. In 1965, Singapore was separated from the Federation of Malaysia. Suddenly, my colleagues and I found ourselves in a Singapore independent on its own.

On our island of 224 square miles were two million people. We inherited what was the capital of the British Empire in Southeast Asia, but dismembered from the hinterland which was the empire. The question was how to make a living? How to survive? This was not a theoretical problem in the economics of development.

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It was a matter of life and death for two million people. The realities of the world of 1965 had to be faced. The sole objective was survival. How this was to be achieved, by socialism or free enterprise, was a secondary matter. The answer turned out to be free enterprise, tempered with the socialist philosophy of equal opportunities for education, jobs, health, housing.

Fortunately, an answer was possible, given the favourable economic conditions of the world in the 1960's. A hardworking people, willing and not slow to learn new tasks, given a sense of common purpose, clear direction, and leadership, these were the ingredients that turned adversity to advantage. Instead of a capital city suffering from ever increasing pressure from the drift of population from the rural areas in search of jobs in the bright lights of the city, we were able to check the drift of rural people and regulate the flow to such numbers as were manageable and useful to our economy. We developed an economy in which the enterprise of American, European, and Japanese MNCs transformed British military bases into industrial facilities for manufacturing, and for servicing of ships, oil rigs, aircraft, telecommunications, banking, and insurance. Manufacturing which formed 11.4% of the GNP in 1960 more than doubled to 25.4% in 1977. When the British decided to withdraw from their bases in January 1968, British military spending constituted 12.7% of Singapore's GNP in 1967. What threatened to be a major economic setback was converted into an economic opportunity, as



military facilities and the technicians working them were released for productive civilian industries.

Did I ever contemplate nationalisation, socialist planning for industrialisation and economic transformation? Frankly, no. For there was precious little to nationalise, apart from office furniture and equipment, bank offices, shops, hotels, and some factories. Further, I had before me, by 1965, the salutary lessons of U Nu's Burma, Bandaranaike's Ceylon, and Sukarno's Indonesia.

Some Asian governments took a socialist view of the exploitative nature of private enterprise. This was natural as their economies were dominated by the Europeans and ethnic minorities who came in the wake of the European colonial power. So when they got their independence, they expelled nearly all non-indigenous entrepreneurs, the Europeans, and the other ethnic minorities. They put bureaucrats in charge of enterprises they took over, and established socialism through people's shops and state-corporations. Their economies declined. In some countries, like Indonesia, the army intervened in this madness and set about correcting the errors. The present government of President Suharto reversed these policies of nationalisation. Foreign investments were welcomed. The people have benefitted as the economy recovered. Thailand and the Philippines have always allowed free enterprise and their economies have diversified and grown

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as a result. The Malaysians have also upheld the free-enterprise system.

Those countries in Asia that have allowed free enterprise have done incomparably better than those that have tried nationalisation and socialist state-corporations. And this is so even where free enterprise has been shackled by legislative and administrative regulations which require the entrepreneur to give a portion of the equity and part of the management to indigenous shareholders and managers.

For the period 1960-73, Singapore achieved faster economic growth than other countries in Southeast Asia. After the oil crisis in 1973, several countries like Malaysia and Indonesia, both major oil and commodity exporters, have recorded higher growth rates than Singapore.

Was Singapore's faster economic growth because she had more entrepreneurs per thousand of population than the other countries of Southeast Asia? I would like to believe that this was a reason. But the facts do not bear this out.

My Ministers and economic advisers did not take long to convince me that the rate of development necessary if we were to generate the jobs to mop up unemployment, running at 10% of the workforce in 1960,

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could never be achieved at the pace at which Chinese and Indian Singaporean enterprise was slowly moving from traditional retail and entrepot trade into new manufacturing or servicing industries. They saw far greater potential in the expanding subsidiaries of American, European, and Japanese corporations.

What made Singapore different in the 1960's from most other countries of Southeast Asia was that she had no xenophobic hangover from colonialism. The statue of the founder of Singapore, Sir Stamford Raffles, still stands in the heart of the city to remind Singaporeans of his vision in 1819 of Singapore becoming, on the basis of free competition, the emporium of the East, on the route between India and China. There were then 120 people on the island. They lived by fishing. Within five years of its founding, there were 5,000 traders, British, Arabs, Chinese, Indians, and others drawn in by this principle of free and equal competition, regardless of race, language, or religion. Had the Dutch who governed the then Netherlands East Indies accorded these same ground rules for trade and commerce in the Indonesian Archipelago, Singapore might never have got started. These were our origins. So we have never suffered from any inhibitions in borrowing capital, know-how, managers, engineers, and marketing capabilities. Far from limiting the entry of foreign managers, engineers, and bankers, we encouraged them to come.

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Mankind's progress has been what it is because one man's discovery, whether it is the first spark of fire, or the first atomic explosion, does not have to be painfully and painstakingly rediscovered by all those who seek the benefits of the original discovery. Had we tried to go into industry on our own, working from first principles, we would never have made it. Only continental nations, like China, with massive populations and great national resources, could afford such sturdy self-reliance. And even China, since 1976, seems keen to cut out learning time by importing machines and know-how, if not management.

Singaporeans were smart enough to recognise those more enterprising than themselves. That was the key to our rapid development. On paper, our success was enough for the IMF to classify us together with Israel, Greece, and Spain, with countries whose per capita GNP exceeded SDR 1,400 (US\$1,669) in 1973 and SDR 1,600 (US\$1,924) in 1974. As a result, we were to have been promoted, against our own wishes, into the ranks of those countries which could afford not to take their share of the profits arising from the sale of part of the IMF gold holdings. The loss of the gold profits, though not to be sneezed at, did not alarm us half as much as the consequences and implications of this premature promotion into the category of the developed countries, like losing exports under GSP concessions to developing countries. These implications made us ferret out the detailed contribution made to our

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TABLE 2

EXPORT-ORIENTED INDUSTRIES ESTABLISHED  
BETWEEN 1960 and 1978

Ownership	Total (1)	In Production (2)	Ceased Operations (3)	Percentage Ceased Operations (3) ÷ (1)
<u>Wholly Foreign</u>	275	253	22	8.0%
American, European and Japanese	(197)	(165)	(12)	(6.1%)
Asian, excluding Japanese	(78)	(68)	(10)	(12.8%)
<u>Joint Ventures</u>	185	159	26	14.1%
American, European and Japanese	(55)	(51)	(4)	(7.3%)
Asian, excluding Japanese	(130)	(108)	(22)	(16.9%)
<u>Wholly Singaporean</u>	81	50	31	38.3%
Total	541	462	79	14.6%

Figures compiled by Economic Development Board, Singapore



# INDIGENOUS GROSS NATIONAL PRODUCT AT CURRENT MARKET PRICES (1966-1977)

Table I  
(Million Singapore Dollars unless otherwise stated)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977 *
1. Total Gross National Product (S\$m)	3437	3844	4402	5165	5861	6813	8086	9837	12110	13216	14286	15660
2. Total Gross Domestic Product (S\$m)	3331	3746	4315	5020	5805	6823	8156	10205	12543	13373	14615	16091
3. Share of Resident Foreigners and Resident Foreign Companies in GDP (S\$m)	310	384	624	800	1072	1234	1516	2090	2990	3059	3344	3636
(US\$m) 1/	100	125	203	259	355	422	574	834	1191	1273	1398	1526
4. Indigenous GDP (S\$m)	3021	3362	3691	4220	4733	5589	6640	8115	9553	10314	11271	12455
(2) - (3)												
5. Net Factor Receipts of Singaporeans from Rest of the World (S\$m)	251	236	231	252	256	237	244	294	413	481	442	524
6. Indigenous GNP (S\$m)	3272	3598	3922	4472	4989	5826	6884	8409	9966	10795	11713	12979
(4) + (5)												
Per Cent of GNP (%)	(95.2)	(93.6)	(89.1)	(87.6)	(85.1)	(85.5)	(85.1)	(85.5)	(82.3)	(81.7)	(82.0)	(82.8)
(6) ÷ (1)												
7. Member of Singaporeans (1000)	1934	1978	2012	2043	2075	2110	2147	2185	2219	2250	2278	2303
8. Per Capita GNP (S\$)	1777	1943	2188	2499	2825	3229	3766	4502	5457	5874	6271	6789
(1) ÷ (7)												
9. Per Capita Indigenous GNP (S\$)	1692	1819	1949	2189	2484	2761	3206	3849	4491	4798	5142	5623
(6) ÷ (7)												
(US\$) 1/	548	592	634	708	795	944	1215	1536	1789	1997	2150	2361
(SDR) 2/	548	592	634	708	795	942	1119	1288	1488	1645	1862	2022

Source: Department of Statistics

\* Preliminary

1/ Following the method used in the World Bank Atlas, S\$ was converted to US\$ using three-year average exchange rates, weighted by real GDP.

2/ US\$ was converted to SDR using average annual exchange rates.

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GNP by the enterprise of the industrial countries of America, Europe, and Japan.

IMF officials, after close examination of the breakdown figures, conceded that value-added accruing to resident foreigners and resident foreign companies amounted to 14.5% in 1973 and 17.7% in 1974 of our GNP. This brought our indigenous per capita GNP for 1973 and 1974 below the cut-off point for promotion into the ranks of the more developed, including now the Mediterranean countries of Israel, Greece, and Spain. The IMF Board of Directors, in March 1978, restored our share of the gold profits and restored our name in the list of eligible developing countries.

Another interesting and significant statistics which turned up in this scrutiny was that 12,000 foreign managers, engineers and technicians, or 20% of the total workforce in these categories, had come to Singapore to manage and operate the capital equipment. They and their enterprises in manufacturing, services, and commerce, helped to employ some 250,000 workers or about 30% of the total workforce.

Over the period 1960-77, per capita GDP at constant 1968 market prices increased from US\$457 (S\$1,400) to US\$1,442 (S\$4,413) more than 3 times in 17 years. In current 1977 prices, it was US\$2,857 (S\$6,971) per capita. This was the result of economic growth plus a

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family planning programme that reduced crude birth rates from 38 per 1,000 in 1960 to 17 per thousand in 1977, or a reduction in net population increase of 3.5% in 1960 to 1.2% in 1977.

The gross fixed assets of foreign investors was US\$1 billion (S\$2.7 billion) in 1973 and US\$1.3 billion (S\$3.1 billion) in 1974. The capital we could have raised from domestic savings and foreign loans. However, to acquire the know-how, to develop the management and the markets, would have cost us dearly. We would have had to learn the hard way, paying for every mistake. As it was, Singaporeans were being paid whilst learning, and their instructors were making a fair return on investments, whilst instructing them on the job.

A point worth underlining is that the same 12,000 managers, engineers, and technicians, using the same US\$1 billion (S\$2.7 billion) of capital assets in their various domestic economies in America, Japan, or Europe could not have generated this value-added of US\$0.83 billion (US\$1 = S\$2.51) (S\$2.09 billion) in 1973 and US\$1.19 billion (US\$1 = S\$2.51) (S\$2.99 billion) in 1974. (See Table 1). They would have been uneconomic because of high labour costs in their home countries. They needed Singaporean workers at lower Singaporean wage costs, stable political and social conditions to be profitable and productive.

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In the 1960's, the industries we started with were labour-intensive (wood products, sawmills, plywood and veneer, textiles, garments, and plastics). Hongkong had started these in the 1950's.

We had learned from the difficulties of other developing countries who had been ahead of us in economic development and industrialisation. As a result, today, textiles and garments constitute about 5% of our domestic exports, compared to 50% of Hongkong exports. We consciously sought more skill-intensive and less export-sensitive industries like machine tools, electronic meters, miniature ball-bearings. Such industries need workers who are literate and skilled in working machines. They can employ more managers, engineers, and technicians from our two universities and two polytechnics for the same 1,000 workers on the factory floor. We invested heavily in our younger generation since they were our most precious resource, education was universal and was both academic and technical and from primary to tertiary levels. Because we had a trained and educated workforce ready, industries needing such a workforce came and set up operations in Singapore. And because they employed more sophisticated and automated machines, they could pay higher wages. This raised general wage rates and forced the low-wage factories to do likewise, increasing productivity by using better machines, or to move to a low-wage country.

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Sample surveys showed that the average monthly wage of production and manual workers was US\$62 in 1966 (S\$3.06 = US\$1) and US\$146 in 1977 (S\$2.44 = US\$1), up 2½ times in US\$ and 2 times in Singapore \$ in 11 years. The Singapore \$ had appreciated against the US\$ during this period by 25%. The older factories, whose products had a high labour content, flour mills, sawmills, textiles, simple assembly of integrated circuits, stopped expansion in Singapore. Some have moved out, first to Malaysia, and later to Indonesia. Some have moved to Thailand. Others are planning to move to Sri Lanka and Bangladesh. Small Singapore shipyards are expanding abroad instead of in Singapore. Singaporean ship-builders and ship-repairers are in joint ventures with Philippines, and are discussing terms with Bangladesh. Singapore entrepreneurs, like the MNCs, are caught in the cycle of change, as rising costs and keener competition force them to look for new low-wage countries with good workers and stable social and political conditions. Only thus can they stay competitive. The government, actively encourages this, for the transfer of labour-intensive industries frees valuable land and labour in Singapore for higher skill and capital-intensive factories.

A study of our Economic Development Board of all export-orientated industrial firms set up since 1960 disclosed several significant conclusions on entrepreneurship. First, the bigger and more established an MNC is in his field, the higher his success rate and the bigger



his contribution to jobs and GNP. There have been a few casualties, as is inevitable in all risk-taking. But not a single major MNC has failed. The second conclusion is that the less experienced the industrialist and the less advanced his technology, the higher the failure rate. Wholly-owned foreign enterprises from US, Europe and Japan had a failure rate of only 6%. (See Table 2). Other wholly-owned foreign enterprises, mainly from Hongkong and Taiwan, had twice as high a failure rate of 13%. The failure rate for wholly-owned Singaporean enterprise was 38%, six times that of the foreigners from the advanced industrial countries. However, when Singaporeans went into joint ventures with US, European, or Japanese foreign entrepreneurs who provided the know-how, the experience, and the marketing, their casualty rate went down from 38% to 7%, just 1% higher than the 6% failure rate of the wholly-foreign enterprises. When Singaporeans had less advanced partners from Hongkong and Taiwan, their failure rate was 17%, 2½ times higher than the 7% failure rate with partners from the advanced industrial countries. One could, I suppose, attribute the lower failure rate where partners were from the advanced industrial countries to the keener enterprise of the Singaporeans in choosing such partners.

Learning from scratch in the Singapore experience proved a costly business. For Singaporean entrepreneurs to go into industry when their past experience has been entrepot trading, the least hazardous way is to choose an

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experienced and expert guide.

Two examples illustrate how learning is more difficult with a less experienced instructor in a less established business. We wanted to develop our own generation of manager-entrepreneurs. So we started our own shipping line in 1968, under a shrewd and experienced Pakistani. We called it Neptune Orient Lines. It owns 31 vessels, including 5 under construction, with a total dead-weight of 927,000 tons. It operates regular scheduled freight runs between Japan-Singapore-Europe, Singapore-West Malaysia-Australia, and Japan-US. The company also operates a tramp fleet comprising both dry cargo freighter and tankers. Singaporeans took 6 years, 1968-1974, to learn to take over the management of a new company. It lost money for 8 years until 1976. Only now, after 10 years, is it showing profits.

Contrast this with Singapore Airlines. It was started 31 years ago by British shipping enterprise. It started under the name "Malayan Airways". It made profits right from the start. It became a partly-owned government company in 1969, and a wholly-owned government company since 1972. Today, it operates a fleet of 29 long, medium, and short-haul jets (seven Boeing-747s, ten 707s, six 727s, five 737s, and one DC10). The management became less British and more Singaporean gradually from 1959 to 1969. From 1972, it became wholly Singaporean. The airline has stayed profitable throughout.

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The contrast between the shipping and the airline performance was startling and discomforting. The quality of Singaporean management was the same. What was different was the learning environment between a shipping line started from scratch and an established on-going airline.

Those Developing Countries Seen to Succeed

What does this add up to? That managers can be trained and educated both at graduate school and on the job. Their function is supposed to be that of risk-analysers and spreaders. Entrepreneurs are defined as risk-takers. Like water diviners, they are either born with this knack, or according to professors in Business Schools, teaching will not help. Even if this were more than the natural modesty of teachers in Business Schools, my experience leads me to conclude that developing countries can get their industries going with good indigenous managers, provided they have experienced foreign co-managers to show them in the early stages what not to do.

For developing countries without rich natural resources or large domestic markets, the best way forward is to adopt tried and tested methods of production of proven products, adapting work procedures to the local culture and environment, and through lower wage costs

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and lower overheads, supply a segment of the global market more cheaply and profitably. This is more the business of risk-analysing and spreading.

In today's world of instant communications and jet travel, learning about and from each other is a strong factor for change. It accelerates development and progress. Why try what has repeatedly been shown to be unworkable or impractical, however logical and attractive the theory might be? What policies have succeeded in other countries? Despite differences in geography, history, ethnic characteristics, culture, religion, languages, what are the common features of these more successful developing countries? They have a disciplined, hardworking, increasingly better-educated labour force. The workers are rewarded in accordance with output and performance. They have a stable and orderly society which allows learning and working to be rewarded. And if the economic benefits of development are spread and enjoyed through all socio-economic groups, then that society is likely to continue to progress with minimal social or political stress.

Several developing countries which had taken the socialist road of nationalisation, like Sri Lanka, Bangladesh, have recently elected governments whose leaders have read the lessons of the last 30 years.

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These leaders have experienced what does not work. They have seen what works and why. The question is how to reproduce some of the essential conditions for successful development in, say, Sri Lanka. How long will it take her to repair the infrastructure of roads, power, water, harbours, telecommunications? If money can be found to finance these, then in only a few years. But other conditions are more difficult to achieve, for they are not like turn-key projects, which consultants and contractors can tender for and carry out. How will Sri Lanka take to produce a hardworking workforce out of voters who have been, for over two decades, promised, and given, subsidised rice and sugar? How long will she take to get workers to take training and discipline seriously after they have played fast and loose with employers for 20 years under communist and Trotskyite union leaders? How long will she take to rebuild an effective administration made flabby and unreliable by nepotism and the intrusion of political partiality and incompetence into the ranks of formerly neutral administrators? How long will she take to persuade her talented and experienced administrators who have emigrated to work for UN and other international agencies to return to help rebuild the administration? They have the human resources. The question is the time required to marshall them, for it must be done before the next elections due in five years.

In the 1950's, there may have been some doubt

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which of the two economic and political systems works better, free enterprise in a free-market economy, as in America, Europe, and Japan, or socialist planning, as in the Soviet Union and China. India, Indonesia, and Egypt, the leaders of the non-aligned world, were going for state planning and state-corporations based on Soviet-type 5-year plans. By the 1970's, there are no doubts that state planning and state-corporations have not brought about the economic transformation.

#### Loss of Nerve

The irony is that just as the truth is becoming apparent to the leaders of the developing countries, the new models for growth --- South Korea, Taiwan, Hong Kong and Singapore, and two others in Latin America -- face the danger of protectionism in the industrial countries. Plagued by high inflation and high unemployment, for which no easy solution has been found since the oil crisis, I sense a loss of nerve in some leaders in government and in industry, and amongst some academics in the West. Their confidence in working the free-market system has been shaken. Their dependency has enlarged the threat in their minds of more unemployment over imports like textiles, shoes, electrical and electronic products from NICs (Newly Industrialising Countries). Their reaction has been to heavily protect their no longer competitive industries. Some are using older machinery than those they have exported to the NICs. Some

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Europeans now propose organised free trade. The EEC has, in disregard of the Multi-Fibre Agreement, forced agreements on a whole group of developing countries to cut back on their exports of textiles and garments. Now, EEC Ministers have proposed in the MTN (Multilateral Trade Negotiations) in Geneva, in July, that there be "safeguard" clauses to enable them to raise tariffs and block imports, not against all countries as required by the present rules of GATT, but only against specific countries, namely the NICs, which are disrupting an industry awaiting restructuring.

American unions have urged the cancellation of tax deferrals. They want the Administration and Congress to discourage the export of jobs, and to block transfers of capital and technology, which will otherwise take place because they can be more profitable abroad.

The crux of the problem is whether leaders in both industrial and developing countries have adjusted intellectually and emotionally to this being one interdependent world. When the oil crisis came upon us in October 1973, and stock markets in all the capitals of the OECD countries collapsed like nine pins, that was one moment of truth. The world was, all of a sudden, seen and felt as one interdependent world.

NICs should be encouraged, not obstructed, in

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their further economic growth. They are demonstration models to other developing countries of how they also can move up the industrial ladder if their leaders and people set out to organise their societies, educate, and train their people. Then they can modernise agriculture and make it productive with less farmers, take their surplus rural population into new towns in which investments in industry can provide jobs. To make it difficult for these countries to export competitively, is surely defeatist and self-defeating. For it negates the principles through which all poor and under-developed countries have been told they could work their way into the ranks of the developed countries.

In the 1950's, Singapore suffered high unemployment, slow economic growth, social and political unrest. Many bright, eager-beaver types joined the communist underground cells for guerilla revolution. Strikes, riots, arson, and assassinations were part of the dreadful repetitious calendar of weekly events. Today, the same bright, eager-beaver types are in industry as young engineers and managers. Now, communist recruitment has dropped in quality and in numbers. This political transformation would not have happened but for our rapid economic development. This development would not have been possible if Singapore had not been able to plug into the world grid of industrial power houses in America, Europe, and Japan.

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Other developing countries should be encouraged and helped to plug into this grid. How soon and how effectively they can tap this world grid depends upon them, upon how realistic and pragmatic their governments are in their policies, so as to strike a bargain with those who have the capital, technology, and management, to help produce goods for their own people, and, perhaps also for export in the competitive international markets. In other words, the more rationally governments take advantage of their relative backwardness and low wage costs, the more benefits they will derive from the international division of labour. For them not to try, is to court more misery, more coups, more totalitarian, and eventually more communist, regimes.

Meanwhile, the problems of slow growth, high inflation, and unemployment still trouble the industrialised countries. But this is no reason for the industrialised countries to radically modify the principles of free trade and free capital flows, and technology transfers freely negotiable, except where national security decides otherwise. Enterprise and the operation of the free market have got us to the highest level of production and consumption ever in man's history. It will be enterprise, operating in a free market, not subsidies and protectionism, which will lead the way out of this present economic trough. This is more than an

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act of faith. It is the lesson of history, the history of the Great Depression (1929-33), followed by protectionism, the rise of intense nationalism, racism, and Fascism. There must be a saner and more rational solution to our present problems.

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C O N F I D E N T I A L

UNITED STATES/ASEAN

FROM RENOUF

I SOUGHT FROM ASSISTANT SECRETARY OF STATE HOLBROOKE TODAY  
HIS ASSESSMENT OF THE RECENT UNITED STATES/ASEAN DIALOGUE.

2. HE SAID, FRANKLY, IT WAS AN ENORMOUS SUCCESS FROM THE UNITED STATES' POINT OF VIEW. HE SAID THAT THE UNITED STATES HAD GONE INTO THE MEETING WITH DELIBERATELY LOWERED EXPECTATIONS. IN THE EVENT, HOWEVER, 14 MINISTERS, INCLUDING FOUR FOREIGN MINISTERS, HAD ATTENDED FROM ASEAN AND SIX MEMBERS OF THE UNITED STATES CABINET. (MRS MARCOS HAD ONLY BEEN PRESENT FOR THE WHITE HOUSE MEETINGS). HOLBROOKE SAID IT WAS IMPORTANT TO HAVE ROMULO AND RATHAUDDEEN PRESENT, PARTICULARLY RATHAUDDEEN WHO WAS THE MOST NEUTRALIST OF ASEAN FOREIGN MINISTERS. INDONESIA HAD BEEN SOMEWHAT UNEASY ABOUT THE MEETING AND SO MOCHTAR HAD NOT ATTENDED. HOLBROOKE NOTED THAT VANCE HAD STAYED AT THE MEETING TWO HOURS LONGER THAN SCHEDULED. ASEAN MINISTERS HAD MET THE VICE PRESIDENT AND HAD HALF AN HOUR WITH THE PRESIDENT.

3. AS REGARDS SUBSTANCE, HOLBROOKE SAID THAT THE MOST IMPORTANT RESULTS WERE RELATED TO THE COMMON FUND. VANCE HAD PERSONALLY INTERVENED AND COMMITTED THE UNITED STATES TO EARLY PROGRESS ON THE COMMON FUND. HOLBROOKE SAID THERE WAS "A TERRIFIC DONNY BROOK" IN THE ADMINISTRATION ON THE COMMON FUND WITH ECONOMIC ADVISORS AND THOSE CONCERNED WITH CONGRESSIONAL RELATIONS ALL OPPOSED TO FUTURE FORWARD MOVEMENT, BUT THE SECRETARY OF STATE HAD UNEQUIVACABLY COMMITTED HIMSELF ON THE ISSUE. HOLBROOKE SAID TIMING WOULD BE VERY IMPORTANT. WIDJOJO HAD PUT A VERY PERSUASIVE ARGUMENT DURING THE DIALOGUE. NOTING THAT UNCTAD V WOULD CONVENE

*R. R.*

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## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

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IN MAY (1980), HE SAID THAT THIS MEETING WOULD BE CRUCIAL, FOR IF THE WEST WERE SEEN TO BE UNFORTHCOMING AT THAT STAGE, G77 WOULD DIG IN AND UNCTAD V WOULD FAIL. ROMULO REPVEATEDLY TRIED TO TURN VANCE'S UNDERTAKING INTO A COMMITMENT TO THE COMMON FUND IN ITS PRESENT FORM, HOLBROOKE SAID, BUT THIS WAS NOT ON.

4. IT WAS NOTABLE THAT ALL THE ASEAN COUNTRIES WERE OPENLY IN FAVOUR OF A CONTINUED UNITED STATES PRESENCE IN SOUTH EAST ASIA. ALL WERE OPPOSED TO VIETNAMESE PARTICIPATION IN ASEAN. HOLBROOKE MENTIONED THE PRAVDA ARTICLE OF 2 AUGUST ON THE SECOND UNITED STATES/ASEAN DIALOGUE WHICH CALLED ON ASEAN TO RESIST UNITED STATES' DESIGNS HE SAW THIS AS EVIDENCE OF THE SUCCESS OF UNITED STATES EFFORTS TO SUPPORT ASEAN AND TO HELP IT WIN INTERNATIONAL ACCEPTANCE. HOLBROOKE SAID HE WANTED ME TO CONVEY TO THE AUSTRALIAN GOVERNMENT THAT HE BELIEVED THE MEETING WITH ASEAN HAD GONE A LONG WAY TO ALLAY THE CONCERN OF AUSTRALIA, AND JAPAN REGARDING THE UNITED STATES ROLE IN SOUTH EAST ASIA. HE RECALLED HIS VISIT TO THE SOLOMON ISLANDS AND HIS TALKS WITH THE MINISTER THERE. BOTH THE SECRETARY OF STATE AND HOLBROOKE HIMSELF FELT THAT THE SOUTH PACIFIC WAS AN AREA THAT THE UNITED STATES COULD NOT AFFORD TO IGNORE, HE SAID.

5. BENNETT, WHO WAS ALSO PRESENT, IN A SEPARATE CONVERSATION BEFORE I SAW HOLBROOKE, SAID THAT ONE OF THE U.S. PROBLEMS WITH ASEAN, A PROBLEM FAMILIAR TO US, WAS THAT WHEN AID-PROPOSALS WERE MADE BY THE U.S., THE MEMBERS OF ASEAN BEGAN TO SQUABBLE AMONG THEMSELVES ABOUT WHO SHOULD GET WHAT. THERE WERE THINGS WHICH THE U.S. COULD OFFER, PARTICULARLY IN SCIENCE AND TECHNOLOGY, BUT WAS OBSTRUCTED BECAUSE OF THIS TENDENCY AMONG ASEAN MEMBERS.

6. I THEN TOOK UP WITH HOLBROOKE THE QUESTION OF UNITED STATES NEGOTIATIONS WITH THE PHILIPPINES ON UNITED STATES BASES. HOLBROOKE SAID THAT STEADY PROGRESS WAS BEING MADE IN MILITARY-TO-MILITARY TALKS. ISSUES CONCERNED WITH CLARK FIELD AND SOME TO DO WITH SUBIC BAY HAD BEEN RESOLVED. THE ADMINISTRATION WOULD BE TAKING MAJOR DECISIONS ON THE NEGOTIATIONS SOON. ON THE QUESTION OF FINANCIAL COMPENSATION, HOWEVER, THE ADMINISTRATION HAD NO FLEXIBILITY AT ALL AND IF MARCOS WANTED TO STICK ON THIS ISSUE, THERE WOULD BE NO AGREEMENT AT ALL. HOLBROOKE FELT THAT THE MOOD IN THE UNITED STATES WAS INCREASINGLY HOSTILE TO MARCOS, AND THE ADMINISTRATION WAS THUS ENGAGED IN A RACE AGAINST TIME, IN WHICH THE NEXT SIX MONTHS WOULD BE CRUCIAL.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

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ACTION: ASP  
SEA

SEC	DEPSECS	EX	FAS(SEP)	FAS(NSA)	SA	FAS(WES)	EUR
FAS(DEF)	DP	DC	FAS(IOC)	IO	FAS(PCR)	INF	FAS(ECO)
FAS(MFS)	FAREP(S-M)						



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DEPARTMENT OF FOREIGN AFFAIRS

Record of Conversation with Mrs R. Tirona, Charge d'Affaires, Embassy of the Philippines  
on 3 August 1978

Officers Present Mr F.B. Hall, Chief of Protocol  
Mr R.G. Irwin, Philippines, Thailand, Burma Section

MAIN SUBJECTS (S): FORMER PHILIPPINES DIPLOMAT : J.C. AZURIN

.....  
Mrs Tirona called at Mr Hall's request to discuss the Embassy's Note 98/78 of 2 August 1978 which outlined details of the alleged embezzlement of Embassy funds by Mr Azurin (copy attached).

2. Mrs Tirona said that she had just come from a Channel 7 T.V. interview during which Miss Calagos, Mrs Azurin's cousin, had appeared to refute Mrs Azurin's allegations that she was held "hostage" by the Embassy.

3. Mrs Tirona said that she was glad of the opportunity to explain developments in the situation. On the evening of 2 August, a representative of the Southern Shipping Lines in Adelaide, prompted by the press reports of Mr Azurin's departure, had contacted her, to draw her attention to the fact that the shipping line had refunded the overpayment of \$81,000 in May. Subsequent checking by the Embassy had revealed the circumstances outlined in the Note.

4. Mrs Tirona said that she had been given a copy of a letter, by the Commonwealth Bank, in which Mr Azurin had officially requested the conversion of the \$81,000 into travellers cheques. Mrs Tirona confirmed that the Commonwealth Bank and the Southern Shipping Lines had agreed that she could release the correspondence and details relating to the transaction; she had asked the Ministry of Foreign Affairs in Manila for permission to release the documents to the press.

5. Mrs Tirona initially had been at a loss to understand why Azurin had not left for Manila as intended. He had faced no charges of disloyalty - she was sure of this. The uncovering of the facts regarding the funds had explained why he had been so unwilling to accept his recall to Manila. Mrs Tirona also said

DISTRIBUTION:

ACTING SEC. AS. (SEA)  
DEP SECS. AS. (CIP)  
DIRECTOR, ADAB AS. (INF)  
FAS (L & T)  
Mr M. Wilson  
Mr F.B. Hall  
ACTION:  
MANILA  
WASHINGTON

Report prepared by

(R.G. Irwin)

CONFIDENTIAL



**CONFIDENTIAL**

2.

that Mr Azurin's recall had been confirmed not only by the Minister for Foreign Affairs but also by President Marcos.

6. Mr Hall explained that although we had sympathy for her position, the matter, as recognised in the Embassy's Note, was one between the Philippines Government and Mr Azurin. It would not therefore be proper for us to express an opinion on the release of documents about the alleged embezzlement. We were however concerned to see that the press did not misinterpret the source of the funds allegedly embezzled by Mr Azurin. They were not Australian aid funds and in reply to press questioning we were making this clear. Mr Hall said that while we could not assist directly in this matter, in unattributable briefing to the press we were cautioning against unquestioning acceptance of what Azurin was saying. Mrs Tirona said her main concern was to make sure that the Australian Government understood the position. She hoped that the excellent relationship between the Philippines and Australia would not be damaged by these events. She was concerned that there should be no implications for the continuance of food aid. Mr Hall assured Mrs Tirona that we understood her difficult position.

7. In response to a question from Mr Hall, Mrs Tirona confirmed that ordinary passports, without restriction as to destination, would be issued to Mrs Azurin and her children on application. There was no intention of restricting Mrs Azurin's travel. Mrs Tirona also said that although the fact that Mrs Azurin had left the Embassy's employment necessitated cancellation of her diplomatic passport, the Embassy did not hold Mrs Azurin responsible for what had happened.

8. Mr Hall expressed the hope that once these problems were over, Mrs Tirona would be able to return to the normal activities of the mission. He asked when Mrs Shahani was due to arrive. Mrs Tirona said that she understood that Mrs Shahani would arrive in the second half of this month.



*20 copies  
for 12/1/78*

EMBASSY OF THE PHILIPPINES  
CANBERRA, ACT

No. 98/78

The Embassy of the Philippines presents its compliments to the Department of Foreign Affairs and has the honor to inform the Department that the Embassy is in receipt of information from Messrs. Nowland and P. Fimmley, of the Commonwealth Trading Bank of Canberra and Southern Shipping Lines in Adelaide that on 5 May 1978, the Bank sent by check No. 279259 the amount of A\$81,000.00 payable in the name of the Embassy but the envelope addressed to Mr. Joselito C. Azurin, then Charge' d' Affaires, a.i.

The amount represented the overpayment for freight charges to ship Australia's annual donation of wheat flour to the National Grains Authority (NGA) of the Philippines. The amount remitted by NGA was A\$265,650.00. The actual cost of the freight charges was only A\$184,650.00.

On 19 May 1978, on his official representations as Head of the Embassy, Mr. Azurin had this amount of A\$81,000 converted to American Express Traveller's Cheques which amounts to US\$90,200

The Embassy fully appreciates and understands the line of action taken by the Shipping Lines and Bank and in the Embassy's considered view, these agencies did what was only expected of them. They merely demonstrated good faith in accepting Mr. Azurin's statements. The Embassy does not hold them responsible for what had happened.

While it is now an issue between the Philippine Government and Mr. Azurin, the Embassy would need the utmost cooperation of the relevant Australian authorities in relaying this truth to the public and in unmasking the real person that Mr. Azurin is.

It is indeed tragic and unfortunate but the Embassy earnestly hopes that the incident would not at all affect the continuing cooperation between Australia and the Philippines, particularly the continuance of Australia's annual food aid.

Considering that Mr. Azurin has hurled malicious charges against the Embassy and the Philippine Government, the Embassy would wish to seek the assistance of the Department in releasing the details of the case.

The Embassy would be much

*Don't need to go 3/8/78  
and to legation & account*

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The Embassy would be much obliged if the Embassy's request, in the name of justice and fairness, be granted.

The Embassy of the Philippines avails itself of this opportunity to renew to the Department of Foreign Affairs the assurances of its highest consideration.

Canberra, A.C.T.

2nd August 1978





CENTRAL REGISTER

FOREIGN AFFAIRS

→ U.S. Sec. 126  
to return  
AMS 2/8  
DATE. 26 July 1978.

INFORMATION. WASHINGTON 22 JUL 1978

IN REPLY  
QUOTE

M. SI 001494

REGISTRY  
CODE

INWARDS

TO. CANBERRA

REF. M.

TO FILE.

FM. SINGAPORE

CLASSIFICATION. UNCLASSIFIED

FM. FILE. 1254/1

POST  
SEQUENCE  
NUMBER

0452

SUBJECT. SINGAPORE/U.S.

3024/18/2  
3024/11/161  
COPY U.S. Sec.

.....  
Attached is an article published in the Straits Times of 24 July concerning the U.S. Ambassador-designate to Singapore, Mr Richard F. Kneip.

(G.L. Robins)  
Third Secretary

✓  
✓  
✓  
✓  
3/8

R.

## New US envoy wants to study Singapore first hand

By MILTON CHASE  
in Washington

THE new US Ambassador to Singapore, Mr. Richard Francis Kneip, a highly successful businessman and politician with close ties to the White House, wants to study Singapore's economy at first hand and then explore the possibility of developing a mutually beneficial bilateral investment guarantee treaty.

Mr. Kneip, who will replace Mr. John Holdridge, who has served in Singapore for the past four years, is due to arrive in Singapore on Aug 3 with his wife, Nancy, and their eight sons, ranging in age from 8 to 19.

A three time governor of South Dakota — the first man to achieve this honour — Mr. Kneip also is a most successful businessman, having developed one of his state's largest dairy equipment wholesale houses while still in his early 30s.

Tall and slim, the 45-year-old Mr. Kneip said



MR. KNEIP

he was looking forward to his assignment and was particularly pleased over the fact that Singapore and the US enjoy good relationship.

Questioned about the possibility of concluding an investment guarantee treaty that was known to have been discussed last October between President Carter and Prime Minister Lee Kuan Yew, he said: "I have yet to get into the specifics and the intricacies posed by any treaty. You can only get so much from briefings in Washington and therefore I believe it is more important for me to get aboard and get a closer hold of the situation in Singapore."

Mr. Kneip declined to run again for the governorship this November, saying that eight years in the same office was enough. Because of his popularity with voters, the Democratic Party stressed that he could easily win the US Senate seat being left vacant by retiring Democratic Senator James Abourezk.

But, as Mr. Kneip said: "I decided against this step because I felt that I would be forced to wait too long to gain the necessary seniority to be really effective. I love administration and because there would be no administrative duties for me as a US Senator, I decided not to run."

Career State Department officers, who have been briefing Mr. Kneip extensively, have been impressed by his quick grasp and retention of facts. They found him shrewd and somewhat conservative. They firmly believe that because of his keen understanding of business, trade and investment and his lines to the White House he should be effective in conveying to Singapore the administration's thinking on economic matters while at the same time acting as a strong advocate for expanding US-Singapore trade.

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STRAITS TIMES

24/7/78



# FOREIGN AFFAIRS

*250/10/7/16*  
 DATE. 21 June 1978  
 DB  
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INFORMATION.

IN REPLY QUOTE **M. SI 001130**

REGISTRY CODE

TO. CANBERRA

REF. M.

TO FILE. *2004/10/12*

FM. SINGAPORE

CLASSIFICATION. C O N F I D E N T I A L FILE.

1525/6/1

POST SEQUENCE NUMBER

**0332**

SUBJECT. SINGAPORE : MEETING BETWEEN MR LEE KUAN YEW AND MR HAYDEN

..... Attached is the record of the conversation between Mr Lee Kuan Yew and Mr Hayden that ensued at their meeting on 14 June. A copy of this record is being forwarded to Mr Hayden. The Minister saw a copy during his stopover in Singapore today, 21 June.

*G.J. Price*  
 (G.J. Price)  
 High Commissioner

Copy: C.I.P.  
 C/K  
 Indochina  
 DC  
 DP  
 → U.S. A Sec  
 Green

*Mr. Price*  
 Para 3 is particularly interesting - She seems to be with meeting  
 8/6/7.



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Record of Conversation between Mr Lee Kuan Yew, Prime Minister of Singapore, and The Hon. W.G. Hayden, MP, Leader of the Opposition in Federal Parliament

Officer present: Mr G.J. Price, Australian High Commissioner

Date: 14 June 1978

Main topics: AUSTRALIAN RELATIONS WITH SINGAPORE;  
FIVE POWER AGREEMENTS; US POSITION IN THE  
PACIFIC AND SOUTH EAST ASIA; VIETNAMESE  
• REFUGEES; VIETNAM, KAMPUCHEA AND CHINA;  
JAPAN AND THE INTERNATIONAL ECONOMIC SITUATION

After the usual exchanges of greetings, Mr Hayden thanked Mr Lee for the hospitality that was being extended to himself and his wife during their stay in Singapore. Mr Lee responded by saying that he was pleased to have the opportunity to see Mr Hayden again and that he hoped that he would be able to have a "useful and productive relationship" with him.

2. Mr Lee referred to the importance of Australia in the region and the significance of Australia to Singapore in the past and in the present. He said that it had to be recognised that, for many reasons and in many ways, Singapore owed a great deal to Australia as well as to Great Britain and to New Zealand. This was a part of Singapore's history and these relationships were continuing factors in Singapore's present existence. Mr Lee said that Mr Hayden knew as well as he did that the Five Power agreements probably would not mean much if the chips went down but despite that, they should be left alone. It was always possible that the Five Power agreements could have some kind of peripheral usefulness in some other way in a crisis and he did not wish to see the arrangements done away with. As Mr Lee saw it, the Five Power agreements had grown out of past developments in relations between Singapore, Australia, New Zealand and Great Britain.

3. Mr Lee went on to refer to the United States' position in the Pacific and South East Asia. He commented that Singapore was still not certain of United States intentions and their future staying power. As far as Singapore was concerned, Mr Lee said that it was important that the United States should remain a power in the region because it was no longer possible to depend upon the United Kingdom. Mr Lee saw the United States as an essential element in the balance of forces that was required both in the Pacific and the Indian Oceans.

4. Mr Hayden brought up the question of Vietnamese, Cambodian and Laotian refugees and the problems that they were now posing for the countries of South East Asia and for Australia. He said that his position had been that

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Australia, having interfered wrongly in Vietnam, had an obligation to do something about the problem. Mr Hayden said that he thought that there was a need to ensure that the flows of refugees were handled in a controlled way to avoid all kinds of disruptive problems that could occur as a result of irregular arrivals. Mr Hayden said that he intended during his visit to Thailand to raise this question. He could readily understand that the Thai Government did not have the resources to support the thousands of refugees in camps on Thai territory.

5. Mr Lee agreed with this and said that Singapore was most concerned about the problem. He explained that Singapore was not in a position to settle large numbers of refugees on the island because of the limitations of space. Singapore, therefore, was faced with acute difficulties with the arrival of refugees on her territory. He said that it was a terrible situation to be confronted with and that the business of having "to hawk the refugees around" from one government to another, looking for a place to resettle them, was really dreadfully demanding and dispiriting for the refugees themselves. He was also worried about the effects this sort of process might have in the long term on the morale of the Singapore population.

6. He mentioned to Mr Hayden that he had made his concerns on this question clear to Miss Pat Derian, "the human rights representative" sent to South East Asia by President Carter earlier this year. He said that Singapore had indeed offered to establish a transit camp or a holding centre on one of the small islands under their sovereignty but in order to do so, Singapore wanted what Mr Lee referred to as "a bankable guarantee". The "bankable guarantee" would have to be given by the countries who were prepared to accept refugees for resettlement. If Singapore knew in advance how many refugees would be accepted for permanent resettlement by different countries, they would know how many people they would have to accommodate on the island.

7. Unfortunately, there had been very little response to this offer. Mr Lee said that there needed to be a wider international response to the refugee problem in South East Asia. The responsibilities for resettling refugees should not be limited to the United States, Australia, France and Canada. Unfortunately, it seemed that although countries such as Sweden and others had been only too ready to raise a protest and level criticisms at the US Government over the war in South Vietnam, they seemed reluctant now to come forward and accept refugees, despite the humanitarian problem that they posed. Mr Hayden said that his Party had looked at this question in a way that was rather similar. He and his Party had concluded that the most useful thing for them to do was to continue to express serious concern. It had to be admitted, said Mr Hayden,



that the records of a number of people and groups, including certain socialist movements, on the question of doing something about the refugee problems in South East Asia had not been particularly good.

8. Mr Lee made some further remarks about the motivation of the refugees leaving South Vietnam. He said that it had to be realised that the people leaving South Vietnam were doing so because "they had had Communism". They had been driven to a point where whole families were prepared to take the frightening risk of meeting a watery grave at sea, or ending up in a stinking refugee camp in Thailand or Malaysia in preference to remaining in Communist-dominated South Vietnam. This was a very real and human tragedy.

9. Mr Hayden asked Mr Lee for his assessment of what was causing the exodus of Chinese from Vietnam. Mr Lee pointed out that the Chinese who had recently been driven to flee from Vietnam were Chinese who had been in the north, principally in the border areas as well as some in Hanoi, for generations. They were not people who were recent arrivals. Mr Lee said that although he had read various articles and assessments about the situation, he did not profess really to understand exactly what was happening. He said that it was difficult to comprehend why Chinese who had been settled for a long time in North Vietnam, and who probably no longer had a particularly good command of the Chinese language, should choose to go from one Communist-controlled country to another. Over the years they must have come to terms with living in Vietnam and had grown accustomed to the way of life. Why they were now prepared suddenly to leave this settled environment for another that did not necessarily offer any prospect of being better off was very difficult to understand.

10. Mr Lee referred to his visit to China last year. At that time, he said that it was evident that the Chinese were starting to think about reviving their overseas Chinese policy. When he had been in Peking, he had been struck by the way in which the Chinese had attempted to establish with him and his delegation the concept that there was a common bond between themselves and the people of Singapore because they were Chinese. Mr Lee said that he had vigorously squashed this idea and the Chinese had not persisted with it. Looking back, he could see now that they were obviously at that time examining the idea of reviving the overseas Chinese policy and although it did not seem to Mr Lee to be a policy that offered many advantages to the Chinese, they had obviously gone ahead with it. This was not, however, a total explanation of why there had been the sudden appearance of the problem of the Chinese living in North Vietnam.



11. Mr Lee said that one should also take into account the attitude of the Vietnamese towards the Chinese. The Vietnamese had a long tradition, going back for 900 years, of struggle against Chinese domination. Although they were a people of Chinese origin, they had for a very long time now sought to establish their essential ethnic difference from the Chinese. With the assistance of the French, as Mr Lee put it, they had renounced the use of Chinese characters for their writing. Mr Lee said that of course their names continued to be basically Chinese and there was little that they could do about that. Mr Lee said that therefore, there must be some elements of ethnic Vietnamese reactions against the Chinese in the present difficulties with the Chinese minorities in Vietnam, particularly in the north. He pointed out that the position of people of Chinese origin in the south was rather different. They were seeking to flee the country, but not necessarily to return to China.

12. Mr Hayden asked Mr Lee for his views on the current dispute between Vietnam and Kampuchea. He mentioned that he had seen comments by Foreign Minister Mr Rajaratnam that the struggle between Vietnam and Kampuchea was a reflection of the larger context between the Soviet Union and China. Mr Hayden thought that he recalled Mr Rajaratnam using the phrase that it was a "Sino-Soviet confrontation by proxy".

13. Mr Lee replied that Mr Rajaratnam, as a former professional journalist, liked to use colourful and striking phrases. He personally believed that Mr Rajaratnam's description over-simplified the situation. He did not doubt whether the Chinese were supporting Kampuchea against Vietnam which they, the Chinese, saw as being supported by the Soviet Union. In Mr Lee's view, the Chinese probably had found the way in which the regime in Phnom Penh had conducted themselves in certain respects was something of an embarrassment. Vietnam's aim probably was bit by bit to pick off the Kampuchians and eventually to absorb or take over Kampuchea in a relatively "peaceful" way.

14. Mr Lee said that to the extent that the dispute between Kampuchea and Vietnam distracted both countries from becoming involved elsewhere in South East Asia was beneficial to Singapore and to the other members of ASEAN. Mr Lee thought that because of the distraction of the dispute, they could expect that Vietnam for the time being would be less able to interfere in other matters in the region. On the other hand, it would not be a welcome development to see Vietnam "pick up" Cambodia. Mr Lee did not think that there was anything that Singapore could do about the current position, other than watch and he said that they watched Vietnam fearfully because they were concerned about the direction it might possibly take in the future.



15. Mr Lee made a reference to the Socialist International and said that Singapore had no intention of rejoining it. As far as his party was concerned, they had renounced the left-wing Marxist approach and until these elements were no longer dominant in Socialist International, Singapore would stay out of it. In passing, Mr Lee commented that the Japanese Democratic Socialists and the other socialist groups recently had renewed their urgings to Singapore to rejoin the Socialist International, but they had refused.

16. Mr Lee mentioned that Singapore was rather concerned about the rapid development of Euro-Communism. He said that he would not like to see "Euro-Communism" gain a foothold and then make headway in Japan. Mr Lee said that he would not like to see the re-emergence of a belligerent Japan that could happen if "Euro-Communism" took the lead. He had spent three years of his life under the Japanese as an occupying power and had not enjoyed the experience.

17. Moving to another subject, Mr Hayden asked Mr Lee what were his views on the current international economic situation. Mr Lee summarised his current outlook as being one of gloom, saying that he could not see any silver linings in the present picture before him. Neither could he readily detect any way out of the present situation and he tended to agree that probably the world was heading for yet a deeper phase of the recession.

18. Mr Lee recounted to Mr Hayden some theories that he had heard recently from a group of international bankers about how to handle the situation. An ingenious policy had been put forward by one American banker which involved the placing of the huge surplusses of the OPEC countries in the major developed countries of the western world where the deposits could earn interest and, through a system of indexing them, be topped up so that they would make money rather than lose. Mr Lee said that on further questioning, several weaknesses in this idea, although attractive at first, had been shown up. Mr Lee himself had raised some hypothetical objections that the banker had been unable to answer.

19. In the view of Mr Lee, the main problem was that there had been no evolution of a post-Keynesian theory of economics to handle the new economic problems that confronted the modern world. There was no reversal in sight of the trend towards continuing inflation which would be combined with a continued high level of unemployment in the developed countries. The only small ray of light that Mr Lee could offer was the fact that recently Japanese bankers and financial experts had started to say to him that the current situation was in reality better



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than the figures indicated. Mr Lee did not profess to be able to produce anything to support this contention but said that he was quoting these comments to Mr Hayden because they had been made to him with a certain degree of confidence. Mr Lee said that he hoped that the optimism would be justified.

20. On a slightly different tack, Mr Lee told Mr Hayden that he was a little happier about the way in which the Japanese were moving economically than he had been in the past. He said that Mr Fukuda had explained to him that the Japanese had established twelve particular areas of economic activity to watch as key factors when assessing trends in the economic situation. These twelve "criteria" were twelve key industrial activities. Mr Lee said that one of them, for example, was shipping. It appeared hopeful that the Japanese now were showing signs that they were prepared to start opting out of their dominating position in the shipbuilding sphere by pushing this activity on to South Korea, some of it to Singapore, to Brazil and to other countries where shipbuilding could be carried out as a sort of joint venture between Japanese and local interests. This would appear to be a favourable indication of Japanese determination to assist in redeveloping momentum in the international economic situation and he hoped that they would continue.

21. Mr Hayden and Mr Lee exchanged various other comments on other topics that were of a more personal nature and not appropriate to be recorded. The conversation lasted for approximately an hour and fifteen minutes.

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USA

CENT. FOREIGN AFFAIRS

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250/10/7/16

DATE. 5 June 1978.

INFORMATION. KUALA LUMPUR JUN 8 4 22 PM  
 BANGKOK  
 MANILA  
 JAKARTA  
 WASHINGTON

MSI 000980

REGISTRY  
CODE

TO. CANBERRA

REF. M.

TO FILE.

3024/11/161

FM. SINGAPORE

3024/7/1

CLASSIFICATION. CONFIDENTIAL

FM. FILE.

1254/1  
 1703/1/2  
 828/21/1

POST  
SEQUENCE  
NUMBER

0299

SUBJECT. SINGAPORE: RELATIONS WITH THE UNITED STATES

On 26 May, during a conversation with Tan Boon Seng (Director, Political Division, Foreign Ministry) we asked what the Singapore assessment was of the recent visit by Vice President Mondale to the region. We wondered whether the statements made by Mondale during his visit, and in particular in Honolulu at the conclusion of the visit, and reassured Singapore about continuing American interest in Southeast Asia.

2. Tan responded at once by saying the Mondale visit had "not produced anything new". The speeches that had been made had said the right sort of thing, but there had not been any commitments to the region as tangible evidence that the Americans meant what they said. Tan agreed that there had been some positive developments in the individual countries Mondale had visited during his tour, but said that these all concerned America's bilateral relations with the respective individual countries. There had not been anything that could be taken as an improvement in America's relations with the region as a whole.

3. We referred to Mondale's visit to Australia and said that among other things the visit had led to a reaffirmation of the importance of ANZUS. Was Singapore looking for some such military commitment from the Americans? Tan said that Singapore had demonstrated that it welcomed American military activity in the region. The agreement to allow American P3 aircraft to stage through Singapore was proof of this. Tan said that five years ago Singapore would never have agreed to allow the Americans to use its facilities in this way. When we pointed out that one aspect of the agreement for American P3 aircraft to use Singapore was that no American uniformed servicemen would be brought in to handle these aircraft, Tan said that the suggestion that the ground facilities be provided by Australia did not come from his government. Singapore had never made it a condition that American servicemen were to be excluded. When we asked whether we (and the Americans) had misjudged Singapore's wishes in respect of an American military presence on the ground, Tan did however say that Singapore was not looking for the establishment of an American base or facility in Singapore itself, or elsewhere in Southeast Asia.

4. When we asked what sort of commitment the Singaporeans were looking for, Tan replied in terms which by now are quite familiar. He said the Singaporeans wanted increased market

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access to the American market, and agreement to continued tax deferral arrangements for American companies investing in Singapore. While such measures could be classified as bilateral economic matters, there were "no economic relationships without political will" and such measures, which should of course be extended to all Southeast Asian countries, would be the most significant demonstration of American intentions vis-a-vis the region.

5. We referred Tan to the editorials which have appeared in the Singapore press, both in English and Chinese, and which took a fairly critical attitude to the Mondale visit. We also noted that the New Nation had run a very critical editorial from the Economist of London concerning Mondale's visit. Tan said he thought that the Economist had gone too far in some of its criticism concerning Mondale, and said he was somewhat unhappy that the New Nation had chosen to run it. On the whole, however, he endorsed the expressions of disappointment with the Mondale visit reflected in the Singapore press. Copies of some of the relevant editorials are attached.

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(C.A. Edwards)  
Deputy High Commissioner

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2. Montale's Philippine tour

US Vice-President Walter Montale's current tour of the Philippines, Thailand, Indonesia, Australia and New Zealand is the first visit to this region by an American President in 2½ years since former American President Mr Ford's tour of the region in December 1975. It is because of time factor and because Premier Lee and his Malaysian counterpart, Datuk Hussein Onn, just visited the United States recently that Singapore and Malaysia have not been included in the American Vice-President's itinerary.

Mr Montale's Philippine tour comes close on the heels of Chinese Vice-Premier Li Hsien-nien's visit to that country and so takes on added significance.

The visit, the purpose of which is to foster unity among non-communist countries, is most welcome and opportune, coming as it does at a time when a change is emerging over the political arena of South-east Asia as relations turn sour between China and Vietnam and between Cambodia and Vietnam and the super powers seem to be on a path of conflict.

Hence the ....



Hence the first thing that Mr Mondale has said during a press conference in Manila is that the second round of talks between the United States and ASEAN will be held in Washington this summer. The first round of talks were held in April last year and they were not of ministerial level. The forthcoming talks this year will be elevated to ministerial level.

It is nothing new. Mention of this was in fact already made two months ago. But his repetition serves to show that the United States takes a keen interest in the matter and this has raised the expectation of the ASEAN nations in respect of the coming round of talks. Last year, after the Kuala Lumpur summit, ASEAN heads of government met with their Japanese, Australian and New Zealand counterparts separately. Only the talks with the United States have remained below the ministerial level. This has given rise to some anxiety as to the intent of the United States. It is this anxiety that Mr Mondale is going to dispel in his current visit to this region.

At the said press conference, Mr Mondale has said that there is an encouraging trend in South-east Asia, stronger resilience and independence among the various countries, stronger cohesion between and among ASEAN countries and a broad economic development in the Pacific Basin. He says the United States is committed to help the Philippines economically and is determined to play a strong role in the maintenance of security in the whole Asia-Pacific region.

On American-Philippine joint defence, Mr Mondale says that he and President Marcos have agreed that it will benefit both the United States and the Philippines and contribute to the security and stability of Asia as a whole for the United States to continue to maintain a presence at the Clark air base and Subic naval base, the only American military bases in South-east Asia.

The United States has agreed in principle that the Philippines should have sovereignty over the bases which will then be under the control of a Philippine commander and fly the national flag of the Philippines while the United States will be free to use the bases for combat purposes. The question is the Philippines has asked for a rental of US\$1,000 million for every five years, but the United States will be willing to give only military aid and not rental. Besides, there is also some disagreement over extraterritorial rights for the American troops.

On the ....



On the other hand, the American criticism of the Marcos Government of its suppression of human rights has caused some resentment in the Philippines which has accused the United States of interfering in its domestic affairs and general elections. Only in mid-April, President Marcos told a press conference that at the time the United States had the nuclear monopoly, the American bases in the Philippines were not vulnerable to nuclear attacks from other countries but now they were. This statement shows that there has been some alienation between the Philippines and the United States. Hopefully, Mr Montale's visit will have a good effect on relations between the Philippines and the United States and between the United States and Asian.

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TAMIL PRESS .....



SIA has also made remarkable contributions towards aiding the growth of our domestic economy and providing jobs opportunities. As at the end of last year, 10,000 workers were in the direct employ of SIA, which is equivalent to 1.2% of our labour force.

In the promotion of tourism, SIA brought in 382,000 foreign tourists last year. According to official estimates, each tourist spends an average amount of \$456 in Singapore. Therefore, the amount of money spent in Singapore by tourists brought in by SIA last year totalled \$271 million, thereby benefiting the hotels, restaurants, stores and other related trades.

With the replacement of its existing aircraft with newer ones, increased number of aircraft and the opening of more service routes, SIA will be able to carry more passengers and goods. It can also indirectly give more effective publicity to Singapore on behalf of the tourist industry and enhance the Republic's international reputation.

Singaporeans can indeed take pride in SIA's achievements and its spirit of continuously seeking progress.

HANYANG SIANG PAU - 13.5.78

2

#### Mondale's Asia-Pacific tour

The American Vice-President, Mr Walter Mondale, has returned to Honolulu after a hurried tour of the Philippines, Thailand, Indonesia, Australia and New Zealand. The tour was revivified in that it was the first tour to South-east Asia by an American leader for three years since after the Vietnam war. The focus of attention is: what sort of a policy has the United States adopted towards South-east Asia after its withdrawal from Indo-China? Of course, the United States has no intention now to quit South-east Asia, otherwise Mr Mondale would not have included Manila, Bangkok and Jakarta in his itinerary. But the extent of 'presence' and 'co-operation' may vary and Mr Mondale's tour was for none other purpose than to intimate the leaders of ASEAN, Australia and New Zealand of the extent the United States would maintain a presence in this region and to get an idea through them of the extent the people in this region would co-operate with the United States.

At Honolulu's East-West Centre, Mr Mondale delivered an important address on his country's Asia-Pacific policy. He said that the United States would deepen her participation in (the affairs of) the Asia-Pacific region but the emphasis would be on social affairs, and that the non-Communist countries in Asia still wanted the United States to maintain a military presence in the region as a 'war deterrent' but the American role in the Pacific was changing. A balance, he said, must be struck between American presence and the growing independence of friendly nations.

At .....



At a luncheon on the eve of his departure from Wellington, Mr Mondale said that his visit underlined a transition from an era of patriarchy to an era of equal partnership in the relations between the United States and this region.

These statements clearly sum up President Carter's South-east Asian policy: that the relationship between the United States and South-east Asian countries is no longer one between the protector and the small and weak. The American forces in South-east Asia will serve as a 'war deterrent' only; the countries in the region must rely on their own military muscles. Like her relationship with Australia and New Zealand, the United States' relationship with South-east Asia is now one of equal partnership in which neither one relies on the other.

This is the message the United States wants to convey to South-east Asia. Actually, the United States already adopted such a policy three years ago. The policy has not changed in all these three years. Before, the United States was reluctant to put it so plainly. Now, after the Vietnam war, Asian countries have shown their determination that they can co-operate closely with one another and be self-reliant. They have demonstrated themselves to be full of life politically and economically. The Communist countries in Indo-China, on the other hand, have displayed unprecedented great contradictions among themselves. The conflict between Vietnam and Cambodia is a mixture of historical hatred, ideological competition, border dispute and clash of political interests. It appears that the conflict is not likely to be resolved for a while yet, but will 'rag on for a long time like the conflict between China and the Soviet Union. It is at this moment when Asian's internal and external troubles are swirling off that Mr Mondale has made his country's new policy.

Mr Mondale's interpretation of the American presence is like this: Non-Communist countries will continue to seek America's help but they do not expect or think there is need to ask for direct American military involvement. What they want is merely a military presence as a deterrent and psychological guarantee.

Mr Mondale had played down the military character of the American role on the one hand and stressed economic relations on the other. He said that trade talks between the various countries must be made to succeed before there could be an aggression of trade between the United States and the Asia-Pacific countries. He said that all would benefit if the tariff and non-tariff barriers could be lowered. And he stressed food production, pointing out that the world's three major food-producing countries, namely the United States, Australia and Canada, were all on the periphery of the Pacific.

What Mr Mondale has said is disappointing to many countries. The American attitude is apparently no better than before. The Geneva tariff and trade talks is in fact a dead end. The United States is reluctant to accord special consideration to Asian food production is to side-step the question of financial assistance to industrialization. Judging by what Mr Mondale has said, we cannot pin too



much hope on the first ministerial meeting due to be held between ASEAN and the United States in July.

Mr Mondale spoke in more positive tone about Australia and New Zealand. He clearly indicated that the United States would abide by her commitment to the ANZUS alliance. He also said that even if an Indian Ocean arms limitation pact was secured between the United States and the Soviet Union, there would be enough American forces left to defend Australia and New Zealand. Of course, Australia and New Zealand are in the far-off corner of the box. We cannot see what threat they are facing.

Mr Mondale's visit may not have produced any major achievements. Still, he has at least clearly made known the United States' Asia-Pacific policy. This is worthy of attention.

THAIL PRESS....



## HELLO GOODBYE

So far as whirlwind diplomatic missions go, few people really expected US Vice-President Walter Mondale to accomplish much on his swing through three Asean nations — which is a pity, because this is the first major diplomatic initiative in South-east Asia by the Carter administration and Mr. Mondale is an able diplomat. It was essentially a trip by the highest-ranking American to visit South-east Asia since the fall of Vietnam, to say hello to friends and reassure them of continuing American commitment to the region — Malaysia and Singapore presumably did not need reassuring this time around as Datuk Hussein Onn and Mr. Lee Kuan Yew both met with President Carter in Washington last year. Aside from promises of defence aid to Indonesia and Thailand, perhaps the most significant result of his mission was the pledge that the US would accept an additional 25,000 Indochinese refugees annually and would offer Thailand up to US\$2 million (S\$4.6 million) to develop a long-range plan for handling others. In the Philippines, Mr. Mondale merely repeated US determination to defend the Pacific and reiterated that negotiations for a new bases treaty should embody Philippine sovereignty.

If the trip was also to enable Mr. Mondale as an US official put it "to take the temperature of those changes (in the wake of the Vietnam War) and see how we can develop more effective means of cooperation", it is hard to see what time Mr. Mondale had to test the South-east Asian waters in depth or reach many valid conclusions. He spent a total of 24 hours in Thailand where there must be much to be learned about the complex security problems faced by the Thais and the continuing baffling war between America's two erstwhile enemies, Vietnam and Cambodia. It is also doubtful whether the Vice-President had time to go into complex economic and trade questions which are of special interest to Asean nations concerned with the growing protectionist mood in the US. Given the US acknowledgement of the growing constructive role of Asean in regional affairs, it will be to the benefit of both Asean and the US if future high-level diplomatic missions are not such as to leave behind a "hello goodbye" impression.

REPORTS TO READERS



MALAY PRESSBERITA HARIAN - 3.5.781.(a). To restore confidence

The US Vice President, Walter Mondale, begins his tour of five countries in South-east Asia and the Pacific region, namely, Philippines, Thailand, Indonesia, Australia and New Zealand - a tour which can be interpreted as aiming at restoring the confidence of countries in this region in America's role in this part of the world after the withdrawal of American troops from Vietnam in 1975.

The tour is considered important because it is made in the midst of fear expressed by some leaders in this region over the possibility of America neglecting this region and paying more attention to problems in Europe, the Middle East and Africa.

Among matters which will certainly get attention are the questions of American military withdrawal from Korea (South Korea - T) and the position of American air and naval forces in the Philippines, namely, at the Clark Air Base and the Subic Bay respectively. Though these two issues concern South Korea and the Philippines directly, they too have certain implication on the entire Pacific region which lately has caused great concern over the possible disappearance of balance of power with the Soviet Union and Vietnam emerging as the stronger forces.

The decision of Carter administration to delay the withdrawal of its troops from Korea comes as a relief and it is hoped that the talks between the Philippines and America on the future of the Subic Bay and Clark bases will be able to convince countries in this region of America's role in ensuring the balance of power in this part of the world.

Another important issue which should be resolved now is the question of refugees from communist Indo-Chinese countries which not only becomes a problem to the recipient countries in this region but also constitutes something which needs world attention and solution. And in this question, America, in view of its role in Indo-China before, should play a full role.

1.(b). Economic ....



1.(b). Economic co-operation

The attention hoped for by countries in this region from America, however, is not confined to the questions of security and military presence. In fact, what might be more important is the understanding and acceptance by America of the desires of countries here, especially Asean countries, regarding America's role in developing the economy of the region. And in this context, what is hoped for is greater opportunities in trade, investments and also co-operation in the field of technological transfer.

Although Malaysia and Singapore are not included in the programme of Mr Mondale's visit to this region, it is hoped that this would not mean that America views the interests of these two Asean countries lightly. It is also hoped that the interests of these two countries would be given appropriate attention when discussions are held together with the Philippines, Thailand and Indonesia, in the context of Asean.

A beginning had been taken where discussions were held on US-Asean co-operation. It is hoped that these discussions would be continued until a stage is reached when all barriers and obstacles to the trade ties and investments between Asean and America can be destroyed.

UTUSAN MELAYU - 2.5.78

2.(a). Beware PAS-DAP link-up

When PAS quit the National Front, political observers immediately predicted the possibility of PAS and the DAP establishing a kind of understanding to undermine the influence of the National Front in the next general election.

Rumours about co-operation between the two opposition parties have been immediately refuted by the national president of PAS, Datuk Asri. PAS leaders have expressed that they will oppose the National Front alone.

But the possible understanding between the DAP and PAS is now becoming more apparent following the severe defeat suffered by PAS in the recent Kelantan State election. The impact of the defeat was also felt by other PAS divisions outside Kelantan. They even dare not say that they will capture Kedah, Perlis and Trengganu.

Realizing this fact, the remarks made by PAS that it would face the National Front alone have become ineffective. PAS, in fact, needs a friend and the best friend it can think of is the DAP. This is because the DAP is the only major and influential opposition party among the Chinese.

The possibility ....



## FOREIGN AFFAIRS

CENTRAL REGISTER  
D.F.A.

DATE. 5 June 1978.

INFORMATION. WASHINGTON

JUN 7 11 30 AM '78

IN REPLY  
QUOTE

M. SI 000957

REGISTRY  
CODE

TO.

CANBERRA

INWARDS

REF.

M.

TO FILE.

250/10/7/16

FM.

SINGAPORE

CLASSIFICATION. UNCLASSIFIED

FM. FILE.

1254/1

POST  
SEQUENCE  
NUMBER

0290

SUBJECT. U.S. AMBASSADOR TO SINGAPORE

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Attached for information is a copy of a press release concerning the confirmation of Mr Richard F. Kneip's appointment as the new U.S. Ambassador to Singapore. Mr Kneip is expected to arrive in Singapore in mid-July.

ENCLOSURES ATTACHED



(G.L. Robins)  
Third Secretary



release

INTERNATIONAL COMMUNICATION AGENCY EMBASSY OF THE UNITED STATES OF AMERICA, 30, Hill Street, Singapore 6. Tel.: 30251

May 30, 1978

NEW U.S. AMBASSADOR TO SINGAPORE CONFIRMED

On May 24 the United States Senate voted to confirm President Carter's nomination of Mr. Richard F. Kneip to be the new United States Ambassador to Singapore.

Ambassador-designate Kneip is expected to arrive in Singapore in mid-July after resigning from his present position of Governor of South Dakota.

He replaces Ambassador John H. Holdridge who leaves Singapore on June 9 to take up a new position in the intelligence community in Washington.

At his confirmation hearing before the Senate Foreign Relations Committee on May 23, Mr. Kneip said that relations between the U.S. and Singapore are "very near excellent."

Referring to trade between the two countries, U.S. investment in Singapore, and the recent textile and civil air agreements, the Ambassador-designate said he is "very optimistic about a good, healthy economic climate."

He said he sees the relationship between the U.S. and East Asia "as one of growing importance" and declared that the United States has a commitment to maintain a strong presence in the area.

\* \* \* \*



NEW ENVOY SAYS SINGAPORE-U.S. RELATIONS ARE NEAR EXCELLENT  
(340)

*8-250/10/ 7/16*

104

WASHINGTON -- RELATIONS BETWEEN THE UNITED STATES AND SINGAPORE ARE NEAR EXCELLENT, THE NEWLY NAMED AMBASSADOR TO THAT COUNTRY TOLD THE SENATE FOREIGN RELATIONS COMMITTEE ON MAY 23.

THE COMMITTEE APPROVED THE NOMINATION OF RICHARD F. KNEIP, A BUSINESSMAN AND FORMER GOVERNOR OF SOUTH DAKOTA, AND SENT HIS NAME TO THE SENATE. ENDORSEMENT OF THE PRESIDENT'S AMBASSADORIAL CHOICES BY THE SENATE IS REQUIRED BY U.S. LAW.

LET ME SAY THE RELATIONSHIP BETWEEN SINGAPORE AND THE UNITED STATES IS VERY NEAR EXCELLENT, THE AMBASSADOR-DESIGNATE SAID. WE RECENTLY COMPLETED A TEXTILE AGREEMENT AND A CIVIL AIR AGREEMENT FOR NEW ROUTES. UNDER NEGOTIATION AT THIS TIME IS AN INVESTMENT PROTECTION GUARANTEE.

TIE THAT TO THE FACT THAT OUR BALANCE OF TRADE WITH THAT COUNTRY IS EXCELLENT -- A BILLION DOLLARS OF PRIVATE INVESTMENT ON OUR PART, PURCHASES ON THEIR PART OF A BILLION DOLLARS.

PAGE 2 -- KNEIP

THE NOMINEE SAID THAT THE U.S. INTEREST IN POSSIBLE INVESTMENT GUARANTEES WAS TRANSMITTED DIRECTLY BY PRESIDENT CARTER TO PRIME MINISTER LEE KUAN YEW WHEN THE SINGAPORE LEADER WAS IN WASHINGTON IN THE AUTUMN OF 1977.

I THINK ECONOMIC BENEFITS WILL COME BECAUSE OF THE VERY PERSONAL RELATIONSHIPS BETWEEN OUR TWO COUNTRIES, AND THINGS LIKE INVESTMENT GUARANTEE AGREEMENTS, CIVIL AIR AGREEMENTS AND TEXTILE AGREEMENTS, MR. KNEIP SAID.

I AM VERY OPTIMISTIC, HE CONTINUED, ABOUT A GOOD, HEALTHY ECONOMIC CLIMATE, BROUGHT ABOUT PRINCIPALLY BECAUSE OF A GOOD RELATIONSHIP BETWEEN THE UNITED STATES AND SINGAPORE.

THE AMBASSADOR-DESIGNATE ALSO STRESSED THAT HE VIEWS THE RELATIONSHIP OF THE UNITED STATES AND THE EAST ASIA-PACIFIC AREA AS ONE OF GROWING CONTINUING IMPORTANCE. THE PRESIDENT IS COMMITTED THAT THESE NATIONS MOVE TO SELF-RELIANCE.

I THINK IF YOU LOOK AT THE OVERALL STRATEGY, THE OVERALL COMMITMENT OF THE UNITED STATES, IN THE WORDS OF SO MANY PEOPLE -- THE VICE PRESIDENT OF THE UNITED STATES, THE SECRETARY OF STATE -- YOU CAN SEE OUR COMMITMENT TO

PAGE 3 -- KNEIP

MAINTAINING A STRONG PRESENCE IN THE AREA, MR. KNEIP SAID.  
ITEM



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

O.WH65761 WF I3/TMC  
TOR 1224 6.4.78

O.WH65761 1632 5.4.78 CLA

TO.  
RR CANBERRA/3071

RP.  
RR SINGAPORE/104

FM. WASHINGTON /

250/10/7/16

C O N F I D E N T I A L

UNITED STATES USE OF SINGAPORE FOR INDIAN OCEAN SURVEILLANCE

STATE DEPARTMENT (EILAND - POLITICAL - MILITARY AFFAIRS, EAST ASIAN AND PACIFIC AFFAIRS BUREAU) CALLED US IN TODAY TO CONFIRM THAT ARRANGEMENTS WERE IN TRAIN FOR THE COMMENCEMENT OF SURVEILLANCE FLIGHTS FROM SINGAPORE. CINCPACFLEET HAS BEEN AUTHORISED FROM TODAY TO CONDUCT SUCH FLIGHTS. THE DECISION AS TO WHEN FLIGHTS SHOULD ACTUALLY COMMENCE IS TO BE MADE BY CINCPACFLEET AFTER THE VISIT OF HIS PLANNING TEAM. EILAND COMMENTED, HOWEVER, THAT AFTER THE BBC REPORT (O.SI22014), CINCPACFLEET MAY WISH TO WAIT A WHILE BEFORE COMMENCING OPERATIONS.

2. EILAND CONFIRMED THAT THE UNITED STATES WOULD REQUIRE FROM RAAF AT TENGGAH ASSISTANCE WITHIN THE CAPABILITIES OF PRESENT STRENGTH, ONLY IN REGARD TO:-

- (1) REFUELLING.,
- (2) ASSISTANCE WITH CUSTOMS CLEARANCE.,
- (3) CREW WEATHER BRIEFING., AND
- (4) GENERAL GROUND HANDLING.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP PM AND CABINET  
ONA  
JIO

CONFIDENTIAL

CONFIDENTIAL



DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2 - 0.WH65 761

CONFIDENTIAL

CONFIDENTIAL

ACTION: DP

SEC	DEP SECS	EX	FAS(SEP)	SEA	FAS(NSA)	FAS(WES)	ASP
FAS(DEF)	DC	FAS(NUC)	NS	NP	FAS(IOC)	IO	FAS(PCR)
INF	FAS(ECO)	FAS(LT)	FAS(MFS)				



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

0.SI22189 MF1/TM  
TOR 1936 4.4.78

0.SI22189 1636 4.4.78 CLA

TO.  
PP CANBERRA/5733

RP.  
PP WASHINGTON/105

FM. SINGAPORE / FILE 828/21/1 REF 0.SI22014

S E C R E T

UNITED STATES/SINGAPORE RELATIONS : P3 SURVEILLANCE FLIGHTS

UNITED STATES CHARGE D'AFFAIRES (INGRAHAM) GAVE US THE TEXT OF THE EXCHANGE OF NOTES WITH THE SINGAPORE MFA WHICH CONSTITUTES AN AGREEMENT BETWEEN THE UNITED STATES AND SINGAPORE GOVERNMENTS ON THE USE OF SINGAPORE FOR SURVEILLANCE FLIGHTS OVER THE INDIAN OCEAN, AS FOLLOWS:

"THE MINISTRY OF FOREIGN AFFAIRS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND HAS THE HONOUR TO ACKNOWLEDGE THE RECEIPT OF THE EMBASSY'S NOTE NO.115/78 DATED 2 MARCH 1978 WHICH READS AS FOLLOWS:-

"THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF THE REPUBLIC OF SINGAPORE AND HAS THE HONOR TO NOTE THAT DURING THE VISIT OF THE PRIME MINISTER OF SINGAPORE, MR LEE KUAN YEW, TO THE UNITED STATES IN OCTOBER, 1977, HE AND THE PRESIDENT OF THE UNITED STATES OF AMERICA DISCUSSED POLITICAL AND STRATEGIC DEVELOPMENTS IN SOUTHEAST ASIA AND THE INDIAN OCEAN. DURING THE CONVERSATION, THERE WAS MUTUAL AGREEMENT IN PRINCIPLE ON THE ADVISABILITY OF STAGING P-3 ORION AIRCRAFT FROM SINGAPORE, PRIMARILY TO MAINTAIN MORE EFFECTIVE SURVEILLANCE OF SOVIET ACTIVITIES, PARTICULARLY IN THE INDIAN OCEAN. THE PRESIDENT EXPRESSED HIS APPRECIATION AT THE PROSPECT OF A COOPERATIVE ARRANGEMENT.

THE PRIME MINISTER REQUESTED AND IT WAS AGREED THAT THE ADMINISTRATION WOULD CONSULT IN ADVANCE ON THIS MATTER WITH THE CHAIRMEN OF THE SENATE FOREIGN RELATIONS AND THE HOUSE INTERNATIONAL RELATIONS COMMITTEES IN ORDER TO ASCERTAIN THEIR VIEWS. THE EMBASSY IS THUS PLEASED TO INFORM THE GOVERNMENT OF SINGAPORE THAT THE PROPOSED AGREEMENT IS FULLY ACCEPTABLE TO THE CHAIRMEN OF THE SENATE AND HOUSE COMMITTEES DEALING WITH FOREIGN AFFAIRS AND ALSO THOSE DEALING WITH THE ARMED SERVICES.

...2/



## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2. 0.SI22189

THE DEPARTMENT OF DEFENSE PLANS AN INITIAL EFFORT OF ABOUT FOUR MARITIME AIR PATROL FLIGHTS PER MONTH THROUGH SINGAPORE ENROUTE TO AND FROM THE INDIAN OCEAN. IT IS ENVISIONED THAT THE FREQUENCY MIGHT PERHAPS BE EXPANDED AT A LATER DATE TO 8-12 FLIGHTS PER MONTH. THE FLIGHTS WILL INCLUDE AN OVER-NIGHT CREW REST AND A NEED FOR SUPPORT BY CONTRACT SERVICES. SOME MINOR ASSISTANCE MAY ALSO BE REQUESTED FROM THE ROYAL AUSTRALIAN AIR FORCE. THE UNITED STATES GOVERNMENT HAS NO PLANS TO STATION U.S. MILITARY PERSONNEL IN SINGAPORE IN CONNECTION WITH THESE FLIGHTS.

THE UNITED STATES GOVERNMENT WOULD APPRECIATE COMMENCING OPERATIONS AS SOON AS SUPPORT ARRANGEMENTS CAN BE COMPLETED. THE EMBASSY ACCORDINGLY SUGGESTS THAT AN ACKNOWLEDGEMENT OF THIS NOTE BY THE MINISTRY OF FOREIGN AFFAIRS CONSTITUTE AN AGREEMENT BETWEEN THE TWO GOVERNMENTS. DETAILED DISCUSSIONS WILL THEN BE HELD BETWEEN APPROPRIATE OFFICIALS TO IMPLEMENT THE FLIGHTS.

THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE MINISTRY OF FOREIGN AFFAIRS THE ASSURANCES OF ITS HIGHEST CONSIDERATION."

THE MINISTRY CONFIRMS THAT THIS ACKNOWLEDGEMENT CONSTITUTES AN AGREEMENT ON THE CONTENTS OF THE ABOVEMENTIONED EMBASSY'S NOTE BETWEEN THE GOVERNMENTS OF THE REPUBLIC OF SINGAPORE AND THE UNITED STATES OF AMERICA.

THE MINISTRY OF FOREIGN AFFAIRS AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE EMBASSY OF THE UNITED STATES OF AMERICA THE ASSURANCES OF ITS HIGHEST CONSIDERATION.

2. INGRAHAM SAID THAT WITHIN THE NEXT FEW DAYS, DEPENDING ON THE AVAILABILITY OF PERSONNEL, EITHER ONE OR TWO SENIOR U.S. OFFICIALS OR SERVICE OFFICERS WILL VISIT SINGAPORE FOR TECHNICAL DISCUSSIONS WITH SINGAPORE AUTHORITIES. HE ALSO STATED THAT FOLLOWING HIS APPROACH TO US HERE, THE AUSTRALIAN EMBASSY IN WASHINGTON WOULD BE FORMALLY ADVISED AT A SENIOR LEVEL OF U.S. REQUIREMENTS INVOLVING THE RAAF SUPPORT UNIT AT TENGAH. THE UNITED STATES KNOW ALREADY WHAT RESOURCES WE HAVE AT TENGAH AND WILL NOT BE MAKING DEMANDS BEYOND THOSE RESOURCES.

3. WE SHALL REMAIN IN TOUCH WITH THE U.S. EMBASSY IN SINGAPORE ON DEVELOPMENTS AND ASSUME THAT YOU WILL KEEP US INFORMED OF EXCHANGES AND DEVELOPMENTS BETWEEN WASHINGTON AND CANBERRA.

4. ASSUME YOU WILL REPEAT TO KUALA LUMPUR AND RAAF BUTTERWORTH AS REQUIRED.

...3/



99

DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

3. 0.SI22189

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN AND DEP DEFENCE  
DEP PM AND CABINET  
ONA  
JIO

SECRET  
SECRET

ACTION: DP

SEC	DEPSECS	EX	MCO	FAS(SEP)	SEA	FAS(WES)	ASP
FAS(DEF)	DC	FAS(PCR)	INF	FAS(ECO)	FAS(MFS)		



INWARD CABLEGRAM

O.SI22014 AH7/CRO  
TOR 1808 21.3.78

O.SI22014 1520 21.3.78 CLA

TO.  
RR CANBERRA/5603

RP.  
RR WASHINGTON/103 KUALA LUMPUR/1490

FM. SINGAPORE / FILE 828/21/1 REF O.SI21738

C O N F I D E N T I A L

UNITED STATES/ SINGAPORE AGREEMENT ON MARITIME AIRCRAFT OPERATIONS.

THE BBC WORLD NEWS BULLETIN BROADCAST AT 2400 HOURS GMT 20 MARCH REPORTED THAT THE UNITED STATES GOVERNMENT HAD ASKED THE SINGAPORE GOVERNMENT FOR APPROVAL TO STAGE MARITIME AIRCRAFT THROUGH PAYA LEBAR TO REPLACE PRESENT UNITED STATES ARRANGEMENTS FOR OPERATING INDIAN OCEAN SURVEILLANCE AIRCRAFT FROM TAKLI.

2. WHILE THE LOCATIONS MENTIONED BY THE BBC ARE OBVIOUSLY CONFUSED, THIS ITEM PROVIDED THE OPPORTUNITY TO CHECK THE PRESENT SITUATION CONCERNING THE UNITED STATES REQUEST FOR MARITIME AIRCRAFT TO OPERATE FROM TENGAH.

3. IN ANSWER TO OUR DEFENCE ADVISER'S ENQUIRY, THE UNITED STATES DEFENCE ADVISER STATED THAT SINGAPORE HAS NOW AGREED TO THE UNITED STATES PROPOSAL. BECAUSE OF THE BBC COMMENT, HOWEVER, THE PLANNING AND SURVEY PARTY COMING FROM THE UNITED STATES TO EXAMINE SUPPORT REQUIREMENTS AND TO DETERMINE THE LEVEL OF ADDITIONAL OR SEPARATE SUPPORT THAT THAT MIGHT BE NEEDED WILL BE DELAYED TO ALLOW TIME FOR ANY SPECULATION ROUSED BY THE BBC TO DIE DOWN.

FOR WASHINGTON (UNDERLINE TWO)

4. GRATEFUL ANY INFORMATION YOU MIGHT GATHER ON LIKELY TIMING OF VISIT OF PLANNING TEAM.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN AND DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO



97

DEPARTMENT OF FOREIGN AFFAIRS

# INWARD CABLEGRAM

2-0.HN2711

CONFIDENTIAL

ACTION: SA

SEC	DEPSECS	EX	MCO	FAS(SEP)	SEA	FAS(NSA)	NA
FAS(WEB)	ASP	EUR	FAS(DEF)	DP	DC	FAS(NUC)	FAS(IOC)
IO	FAS(PCR)	INF	FAS(ECO)	FAS(LT)		FAS(MFS)	FAREP(S M P)



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

O. WHO 64954 RW7/TMC  
TOR 0555 10.03.78

O. WHO 64954 1421 9.3.78 CLA

TO.  
RR CANBERRA/2363

RP.  
RR SINGAPORE/103

FM. WASHINGTON / FILE 221/11/11/1

C O N F I D E N T I A L

UNITED STATES/ SINGAPORE RELATIONS

HOLBROOKE TELLS US THAT A NEW UNITED STATES AMBASSADOR TO SINGAPORE WILL SHORTLY BE APPOINTED. HE WILL BE A POLITICAL APPOINTEE, A BUSINESS MAN. AMBASSADOR HOLDRIDGE IS RETURNING TO WASHINGTON.

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN+DEP DEFENCE  
DEP P M AND CABINET  
ONA  
JIO

*Mr Rice*

ACTION: ASP  
SEA

SEC	DEP	SECS	EX	FAS( SEP)	FAS( NSA)	SA	FAS( WES)	FAS( DEP)
DP	DC	FAS( NUC)	NS	NP	FAS( IOC)	FAS( PCR)	INF	FAS( ECO)
FAS( LT)	FAS( MFS)							
ADAB( DIR)	FAS( BP)	FAS( PT O)						



DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

0.SI21738 AC8/ORA  
TOR 2050 3.3.78

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RR WASHINGTON/102

FM. SINGAPORE / FILE 828/21/1 REF 0.SI21432

S E C R E T

UNITED STATES/SINGAPORE RELATIONS : P3 SURVEILLANCE FLIGHTS.

HOLDRIDGE (UNITED STATES AMBASSADOR) TOLD ME TODAY, 3 MARCH, THAT BECAUSE OF THE KRIANGSAK VISIT AND OTHER PREOCCUPATIONS, HE HAD BEEN UNABLE TO SEE LEE PERSONALLY ABOUT THE P3 FLIGHTS AND INSTEAD HAD SENT HIM AN INFORMAL LETTER TO INFORM HIM THAT THE PROPOSAL TO DEPLOY UNITED STATES P3 AIRCRAFT TO SINGAPORE FOR INDIAN OCEAN OCEAN SURVEILLANCE FLIGHTS HAD BEEN AGREED DOWN THE LINE THROUGH CONGRESSIONAL COMMITTEES AND THE ADMINISTRATION AND TO ASK LEE HOW HE WOULD LIKE THE BUSINESS OF PUTTING THE PROPOSAL TO THE SINGAPORE GOVERNMENT HANDLED. HOLDRIDGE'S LETTER SUGGESTED THAT IT COULD BE DONE EITHER BY A THIRD PERSON NOTE FROM THE UNITED STATES EMBASSY TO THE MINISTRY OF FOREIGN AFFAIRS OR BY A FORMAL LETTER FROM HOLBROOKE TO THE FOREIGN MINISTER OR POSSIBLY TO THE PRIME MINISTER. LEE HAD INFORMED HOLDRIDGE THAT A THIRD PERSON NOTE WOULD SUFFICE AND HOLDRIDGE HAD AGREED ON THE UNDERSTANDING THAT SINGAPORE'S ACKNOWLEDGEMENT OF THE NOTE WOULD CONSTITUTE AN AGREEMENT. HOLDRIDGE THOUGHT THAT THIS ARRANGEMENT WOULD BE FINALISED SHORTLY.

2. HE SAID THAT HE HAD MENTIONED IN CONVERSATION TO THE MFA THAT THE NEXT STEP WOULD BE TO TALK ABOUT FREQUENCIES AND HE THOUGHT THAT INITIALLY THERE COULD BE AS MANY AS FOUR OR FIVE P3'S DEPLOYED PER MONTH AND IN ANSWER TO MY QUESTION REFERRING TO THE HIGHER FIGURE WE HAVE HEARD FROM HIS DEFENCE ADVISER, HOLDRIDGE SAID THAT THE FREQUENCY COULD EASILY RISE TO AS MANY AS EIGHT, DEPENDING ON ACTIVITIES IN THE INDIAN OCEAN. HOLDRIDGE HAS ALSO MADE IT KNOWN THAT WHEN THEY START TO TALK ABOUT DETAILS, IT WILL PROBABLY BE NECESSARY TO CONSULT AUSTRALIA AS THE UNITED STATES WAS HOPING TO BE ABLE TO TAKE ADVANTAGE OF OUR AIR MOVEMENTS FACILITIES AT TENGAH. IN PRACTICE, HOLDRIDGE COMMENTED THAT HE DID NOT THINK WE WOULD BE CALLED UPON TO DO ANYTHING MUCH MORE THAN WE WERE DOING ALREADY. I MENTIONED TO HIM THE LIMITATIONS ON OUR FACILITIES BUT SAID THAT I ASSUMED, WITHOUT MAKING A COMMITMENT, THAT WE WOULD BE PREPARED TO HELP OUT.

3. I ASSUME THAT THIS MATTER WILL BE TAKEN UP WITH YOU FAIRLY SOON AND THAT YOU WILL KEEP US INFORMED OF DEVELOPMENTS.

2/...

*Mr. Riehl*  
National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.SI21738

4. WOULD YOU PLEASE PASS THIS MESSAGE AND 0.SI21432 TO KUALA LUMPUR AND RAAF BUTTERWORTH AS YOU THINK FIT.

....PRICE

ACTION: MR HENDERSON

PRIME MINISTER  
FOREIGN MINISTER  
SIR ARTHUR TANGE  
MR MCMICHAEL  
MR FURLONGER  
SIR ALAN CARMODY

SECRET

SECRET

ACTION: MR BURGESS (DP)

MR HENDERSON (SEC) MR ROWLAND (DEPSEC) MR PARSONS (DEPSEC)  
MR D.G. WILSON (FAS(SEP)) MR DALRYMPLE (FAS(WES))  
MR HUTTON (FAS(DEF)) MR SIMON (DC) MR GATE (ASP)



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM  
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C O N F I D E N T I A L

UNITED STATES/SINGAPORE RELATIONS : LIKELY VISIT OF AMBASSADOR  
ANDREW YOUNG.

UNITED STATES AMBASSADOR HOLDRIDGE IN REFERRING TO THE  
POSSIBILITY THAT AMBASSADOR ANDREW YOUNG MIGHT MAKE AN OFFICIAL  
VISIT TO SINGAPORE LATER THIS MONTH, SAID THAT HE THOUGHT THAT  
AS A RESULT OF MISS DERIAN'S ENCOUNTER WITH LEE KUAN YEW AND OTHER  
COMMENTS FROM UNITED STATES SOURCES ON THE QUESTION OF PRESERVING  
HUMAN RIGHTS IN SINGAPORE, THE PRIME MINISTER AND THE POLITICAL  
ESTABLISHMENT GENERALLY HAD BECOME MUCH MORE SENSITIVE TO OUTSIDE  
OPINION ON THE ISSUE. HOLDRIDGE AGREED THAT SINGAPORE WAS BY NO  
MEANS A MAJOR OFFENDER ON THE NON-OBSERVANCE OF HUMAN RIGHTS AND  
POINTED OUT THAT IT HAD NOT EVEN BEEN MENTIONED IN THE LAST UNITED  
STATES STATE DEPARTMENT REPORT. NEVERTHELESS, IT WOULD DO NO HARM  
FOR THE SINGAPOREANS TO BE MORE SENSITIVE TO WORLD OPINION ON THIS  
ISSUE.

2. HOLDRIDGE DID NOT THINK THAT THE SINGAPOREANS WOULD BE OVER-  
ENTHUSIASTIC ABOUT A VISIT FROM YOUNG. THEY WOULD MUCH PREFER TO  
RECEIVE A CALL FROM SOMEONE LIKE THE VICE PRESIDENT, BUT HE WAS  
CONFIDENT THAT THEY WOULD RECEIVE YOUNG PROPERLY AND GIVE HIM THE  
RIGHT SORT OF TREATMENT. SPEAKING PERSONALLY, HOLDRIDGE SAID  
THAT HE HAD IT IN MIND TO LET ANDREW YOUNG SEE HOW WELL THE  
DIFFERENT RACES WORKED TOGETHER IN SINGAPORE BY SHOWING HIM THE  
EXAMPLE OF THE SINGAPORE ARMED FORCES AT WORK. HE THOUGHT THAT YOUNG  
WOULD BE IMPRESSED BY THIS.

3. AS HOLDRIDGE WAS SPEAKING IN CONFIDENCE, WOULD YOU PLEASE  
PROTECT HIM.

**ECLIPSE**

ACTION: MR HENDERSON

PRIME MINISTER  
FOREIGN MINISTER  
SIR ALAN CARMODY  
SIR CLARRIE HARDERS  
MR MCMICHAEL  
MR FURLONGER

*Mr Richardson*

National Archives of Australia

NAA: A1838, 250/10/7/16 PART 1

CONFIDENTIAL

CONFIDENTIAL



DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

**ECLIPSE**

2-0.SI21740

CONFIDENTIAL

CONFIDENTIAL

**ECLIPSE**

ACTION: MR DAN (IO)  
MR A. TAYLOR (SEA)

MR HENDERSON (SEC) MR PARSONS (DEPSEC) MR ROWLAND (DEPSEC)  
MR D.G. WILSON (FAS(SEP)) MR HUTTON (FAS(DEF)) MR A.D. CAMPBELL  
(FAS(IOC)) MR M.J. WILSON (FAS(PCR)) MR SMITH (FAS(LT))  
MR GATE (A SP)



CENTRAL REGISTRY  
D.F.A.



MAR 9 2 13 PM '78

INWARDS

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

In reply quote No. 1306/6

Memorandum No. ....

PSN

0008

MSI

000023

2 March 1978.

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T. 2600

SINGAPORE: TEXTILE INDUSTRY

Please refer to our memorandum 192 of 22 February concerning the Singapore-U.S. Textile Agreement. I saw Mr Tan Song Chuan, Deputy Director of the Singapore Department of Trade, on 28 February to discuss the position of the textile industry following the signature of the agreement with the United States. Tan could only comment very briefly due to other commitments, but the following remarks he had to make may nevertheless be of interest.

2. The main point he made was that following the "satisfactory" agreements with the United States and the EEC, the Singapore textile industry was now assured of sufficient markets for its products for the next few years at least. Tan agreed that the Singapore textile industry was now in fact experiencing a shortage of labour (see the attached article from the Business Times of 27 February) and said that from both the social i.e. unemployment, and economic angles therefore the Singapore Government did not consider the textile industry to be one of its problem areas. (These comments are of course relevant to Australia's bilateral relationship with Singapore). Tan spoke briefly about the Singapore textile industry's need to upgrade the quality of its products, and not to compete at the lower end of the range with e.g. Taiwan, Korea.

3. When I referred to the under-utilisation of the U.S. quotas in the past Tan (off the cuff it must be said) gave slightly different figures from those quoted in our memorandum under reference. He said that 40% of total quota had been filled in 1977 as against 28% in 1976. He avoided commenting on the prospects for utilising the quotas in the new agreement.

4. Asked about the prospects of textile companies from other countries setting up in Singapore to benefit from these quotas, Tan emphasised most firmly that the Singapore Government, as a matter of policy, was opposed to Singapore

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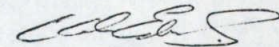
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2.

being used as a "back door" for such exports. He said that a Japanese company which had intended to set up in Singapore for this purpose had been refused permission, and went on to say that many of the Hong Kong companies which had established themselves in Singapore sometime ago as pioneer industries were now in fact becoming Singaporean. Their directors were taking out permanent resident status in Singapore, and profits were being re-invested or utilised in other ways in Singapore rather than being repatriated to Hong Kong. Tan said he could not give actual figures but thought that overall only a very small percentage of the Singapore textile industry was now foreign-owned.



(C.A. Edwards)  
Deputy High Commissioner

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at

## Singapore Economy

1977	Percentage Change
13,900	4
2,700	6
5,500	5
5,600	4
9,700	6
2,000	—
4,300	2
4,100	-2

, 1977.

terms improved by 4 per cent in 1977 compared with average annual growth of 3 per cent in the previous two years.

Strong productivity gains were seen in the transport and commerce sectors. In manufacturing, productivity, surged ahead in export-oriented industries such as electronic, photographic and optical goods.

Moderate wage hikes in 1977 have fended off dangers of "cost-push" in-

• SEE BACK PAGE, Col. 8

## lover nart

banks in third currencies outside Singapore. Third currency deals were done mainly in the US dollar, West German mark, yen, Swiss franc and sterling.

Total operations of merchant banks slowed down after expanding strongly in 1976. However, credit extension to non-bank customers in the domestic and Asian dollar market expanded modestly. Domestic underwriting activity and financial advisory services declined but there was improvement in investment portfolio management after a downturn in 1976.

The Asian dollar market continued to make headway, with the number of Asian currency units increased from 69 to 74. Total size of the market grew slower, by 21 per cent compared with 38 per cent in 1976. But the assets in

## sets date for KL's flight decision

SINGAPORE has given Malaysia till March 15 to decide whether it is prepared to allow SIA more flights between the Republic and Penang.

This is an interim measure until the next round of formal talks between the two countries scheduled for March 16. The talks have been convened following a request by Singapore to renegotiate the bilateral airservices agreement.

Reports from Kuala Lumpur say that Singapore requested the talks because of what it claims is a revenue imbalance of 2.3 to 1 in favour of Malaysia. This follows from the present agreement under which Singapore is allowed to operate to only one point in Malaysia (Kuala Lumpur) while Malaysia may operate flights to Singapore from Kuala Lumpur, Penang, Kuching, Kota Kinabalu and Malacca.

In addition, Singapore may fly only 52 flights weekly (49 flights between the two capitals and three enroute from Singapore to Hongkong) while Malaysia has 102 flights (58 from Kuala Lumpur, 21 from Penang, 11 from Kuching and seven from Kota Kinabalu.)

The agreement, reached in 1972, contained an equalising factor and was supposed to allow Singapore the fifth freedom right to operate international flights from Kuala Lumpur to points in Europe and the Far East. When SIA applied in June last year to exercise this right for its jumbo flights to London, the Malaysian authorities turned down the request.

Singapore maintains that the request is within the rights accorded the Republic under the 1972 agreement, and has, therefore, asked for a renegotiation of the 1972 agreement.

As an interim measure, Singapore has proposed to the Malaysian authorities that SIA be allowed to fly seven flights weekly into Penang from March 15. The next round of formal talks is due in Kuala Lumpur the following day.

If the agreement is reached three months after March 16, Singapore has asked that the frequency of its Penang flights be increased to 10, and then to 14 after a further three months.

THE daily shipping guide in the Straits Times will be transferred to Business Times from Wednesday.

From that day (March 1), the guide will cease to appear in the Straits Times and instead will be carried in Business Times five days a week — Monday through Friday.

Accompanying the guide will be a new easy-to-follow list of ship movements as an additional service to shippers and commercial firms in Singapore

## Local textile industry must drop middlemen

By RONNIE LIM

SINGAPORE'S textile and garment manufacturers have become overly reliant on foreign middlemen to market their products overseas and this policy, in the long run, will prove detrimental, said Mr. Lam Thian, president of the Singapore Textiles and Garments Manufacturers Association at the weekend.

While the manufacturers here, and especially the smaller firms, gain the advantage of market penetration overseas through the foreign middlemen, disputes often arise as orders (especially for the specialised garments trade) are relayed wrongly to local manufacturers because of the lack of expertise of the middlemen, with the result that the manufacturers here are left "holding the baby."

This is not a question of sour grapes over profit sharing with these foreign intermediary companies, mainly from Hongkong and Taiwan, said Mr. Lam. The point is that this reliance is increasing year by year, with the foreign middlemen currently accounting for a substantial share of the Republic's exports. Besides, they often buy from Singapore only as a last resort, he added.

It is for this reason that the Singapore industry is now looking for more direct contacts with the buyers themselves (the larger companies seeking to adopt more aggressive marketing by themselves and the smaller ones through a combined group effort).

A team of garment manufacturers will go to the US this September and while there will participate in the 18th National Fashion and Boutique show.

Overall, the industry's performance last year showed little change from 1976, said Mr. Lam. Business with the EEC countries dropped in the latter part of the year, but this was compensated by a pick-up in trade with the US, which is still continuing.

One of the basic problems confronting the industry is labour, he said. The labour shortage was felt three years back, and the situation has worsened with more garment factories opening last year.

On average, each factory is 20 per cent under-staffed, while some are operating 40 per cent under-staffed. This has to be taken against Mr. Lam's estimate that a 30 per cent rate is the breaking point.

Wages unfortunately are not the cause of the problem — otherwise it would be easier to diagnose. The starting point for the garments industry is between \$6 and \$7 per day compared with \$5.10 to \$5.50 for the electronics industry. Working environment may be the root cause; for example, while most electronic firms air-condition their premises, only the larger textile companies do so.

Other reasons cited by Mr. Lam are the decreasing numbers of Chinese-stream school leavers who formerly comprised the bulk of textile workers, and the English-stream bias against blue-collar jobs generally.

The industry's request to the Industrial Training Board for a programme to train workers capable of handling high-speed machines in modern garments factories, has been noted.

## JAL FLIGHT 712: THE TOKYO EXPRESS

Non-stop





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*Mr. Gault  
Mr. Chen  
Mr. O'Connell  
Mr. Ross*

→ U.S.A Sec  
to retain 88  
AMS

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

Feb 21 1978

*INWARDS*

In reply quote No. 1306/6  
Memorandum No. FA. 192

22 February 1978

The Secretary,  
Department of Foreign Affairs,  
CANBERRA. ACT.

*20/07/16.*  
*7*

*3024/11/161*  
*Copy E.P.*  
*U.S.A Sec*  
*Trade + Resources*  
*Industry + Commerce*

SINGAPORE/US TEXTILE AGREEMENT

A new Singapore/US agreement covering Singapore textile and garment exports to the US over the four-year period 1 January 1978 to 31 December 1981 was initialled in Singapore on 3 February 1978 by Mr Tan Song Chuan, Deputy Director, Singapore Department of Trade and Mr Michael Smith, chief textile negotiator for the US Special Trade Representative's Office. The text of the agreement as initialled is attached (to Canberra addressee only). Mr John Hoog, Second Secretary (Economic/Commercial) of the US Embassy who made the text available to us has asked that it be treated as a restricted document until formally approved.

ENCLOSURES ATTACHED  
*[Signature]*

2. According to newspaper reports the Singaporeans are very pleased with the new agreement. (See the attached Business Times article). The total quota for 1978 of 231,979,421 square yards equivalent is the same as for 1977 but thereafter a 6 1/4% annual growth is allotted which is the same growth rate allowed under the previous agreement. Although the total quota has been kept constant for one year there is apparently provision for increases in some specific items in 1978.

3. What is more to the point however is the fact that, according to Hoog, Singapore actually filled its 1977 quota in only one item, trousers/slacks/shorts, which essentially is jeans. Up to November of 1978 Singapore had filled only 18% of its quota. There was a "splurge" of exports at the end of the year and the Singaporeans are claiming that they will have filled 30% of the quota. Hoog thought that the final figure will probably turn out to be around 25%. This is a considerable fall even on their 1976 performance where only 40% of their quota was filled.

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4. The US basic negotiating strategy was to scrap the format of the old agreement and to simplify it by placing limits only on certain sensitive items e.g. jeans, knitted tops, safari suits and woollen and artificial fibre products. On other items the idea was

merely to have provision for consultation if exports exceeded certain levels. It was felt that the carry-overs of unfilled quotas provided for in the old agreement were of sufficient magnitude that Singapore, if it actually fully took up its quotas in some unexpected eventuality, could distort the US market. The Singaporeans rejected this approach because according to Hoog they regarded the previous quota system as a useful "insurance policy". In other words if some other Singapore industries and export markets went bad, Singapore could swing back into textiles and garments for which they had guaranteed quotas.

5. In the end the old format was basically retained with a limited degree of flexibility incorporated in the agreement. The total aggregate of almost 232 million SYE was divided into three groups, Group I (yarns, fabric, made-ups etc), Group II (apparel) and Group III (wool products), each with their own limit. There was some redistribution of levels amongst Groups. There was a considerable proportionate increase in the level for Group I but a small decrease in the level for Group II (garments constituted about 82% by value of total Singapore textile exports to the US in 1976) and a fairly large decrease with respect to Group III, which for the US contains the most sensitive items. Annual growth rates allowed are also smaller for these more sensitive areas, 5% for Group II and 1% for Group III. Within Group II man-made tops have been specifically restricted to a 3% annual growth rate.

6. From the US point of view the agreement was also satisfactory. Singapore is only a fairly small supplier to the US. Singapore quotas constitute only 4% of total imports. Actual imports from Singapore of course make for an even lower share. What the US is somewhat concerned about is the use of unfilled Singapore quotas by Hong Kong and Taiwanese manufacturers. The Singapore Department of Trade has now agreed to "attest" every batch of textile exports to the US to the effect that a certain percentage of value-added of the final exported product was actually Singaporean. On the issue of, say, Hong Kong manufacturers transferring their sewing machines to Singapore, according to Hoog, Singapore Deputy Director of Trade Tan has said that Singapore was discouraging these moves. "If they move on after six months what benefits have there been for Singapore?". (It may be interesting in this regard that sources in the Singapore Economic Development Board have confirmed to us that Singapore is now discouraging "fly by night" investors). Hoog remained a little sceptical however about such Singaporean protestations. He said that there were at present some

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twelve Hong Kong owned factories that he knew of operating in Singapore.

7. Hoog mentioned half jocularly that the Swedes and Norwegians are now complaining to some extent that US generosity in this agreement has put them a little on the spot since their bilateral agreements with Singapore have yet to be finally negotiated.

Comment

7. On a country basis the US is Singapore's largest textiles market (The EEC as a whole is a larger market). The fact that Singapore was able to fill its quota on only one item of textiles exports to the US last year and that it filled only something like 25% of its total textiles quota to that country appear to indicate that it is not restrictions on quota levels which is the major worry of the textiles industry in Singapore at the moment. In textiles, the Singaporeans have reached satisfactory agreement with the US and also, earlier with the EEC. Together these markets accounted for about 47% of total Singapore exports of textile and clothing in 1976. The share is much higher if one considers only domestic exports i.e. excluding re-exports. (45% of Singapore's total textile exports to the world and 17% of clothing exports in 1976 were re-exports).

8. The real worry appears to be Singapore's ability to compete on price and/or quality with larger producers such as Japan, Hong Kong, Taiwan and South Korea. The sudden jump in Singapore textiles exports to the US at the end of last year may be explainable, apart from the fact that renegotiation of the agreement was coming up, by the fact that quotas set for these other exporters had by that time already been reached and Singapore exporters therefore faced less competition.

9. One final point which is probably fairly patent but which might usefully be spelt out is that if Singapore has satisfactory quotas for the larger markets of the US and EEC and especially if it is unable to fill these quotas in any case, it becomes more difficult, all other things being equal, for Singapore to complain of reductions in Australian import quotas on these items.

10. A copy of this memorandum has been sent to Washington.

*A. J. Verner*  
(Tony Verner)  
Second Secretary

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Singapore Times 4/12/78

# Textile industry jubilant over pact

By JOHN TAN

organisations in Singapore — the Singapore Garment Manufacturers' Association and the Singapore Textile Products Association — proclaimed it a "milestone in international co-operation between the US and Singapore".

He was full of praise for the hard work put in by the Trade Department and commended it for having been in close consultation with the industry all through the four days of negotiations (although the talks were officially concluded yesterday, the two parties stayed up till 9 p.m. on the previous day to reach the agreement).

Mr. Lam expressed the sentiments of all the members of the organisations when he said, "We are very satisfied with the agreement. The cloud over the future due to uncertainty over the talks has now been lifted."

Although the pact allows a substantial annual rate of increase, the enthusiasm should be tempered because Singapore also has to make substantial concessions in items which are particularly sensitive to the US. It means that the industry may have to shift its emphasis to take full advantage of the quota allocations.

Both the parties are understandably coy about the pact for the four years but ex-

giving details, Mr. Michael Smith, chief textile negotiator for the Special Trade Representative's Office and leader of the team said yesterday that the 6 1/2 per cent growth would be applied equally between the two main groups of textile items (group one, textile and yarn, and group two, garments). The third group, woollen products would enjoy a growth rate of one per cent. He declined to name the sensitive items.

Industry sources on the other hand report that the rise of 6 1/2 per cent would only be on an aggregate level for all three groups and that the rise in the garments group would be much below the rest.

Whichever of the two is to be believed the fact remains that it is garments from Singapore and not textiles which have made the greatest inroads into the US. Mr. Smith estimated that about 78 per cent of Singapore exports are garments with the rest taken up by textiles and others.

Sources also say that Singapore agreed to curtail export growth in synthetic fibres, which the US apparently considers a very sensitive product, but has consequently realised better gains for cotton goods. The synthetic items, and other sensitive ones, will have a specific limit set on growth for the four years but ex-

ports of these and other items may vary within the carry-over, carry-forward, and swing limits of the agreement.

Carry-over means the use of the next year's quota for this year's exports. Carry-forward refers to the use of unused quota of one year in the next, while swing means the transfer of quota from one category to the next in the same year and even transfer between items within the same category.

The carry-forward provision is of particular interest to Singapore because the Republic has been consistently under-utilising the quotas given by the US. According to Mr. Smith, 1977 final figures will probably show that Singapore reached the quota limit for only one item.

One reason for the rather less rigid stand taken by the US may be the very small part that Singapore takes of total US textile imports, which last year was 4.35 billion square metres. Singapore's share is estimated to be only 194 million square metres, or about 4.5 per cent, while the four largest exporters, Hongkong, South Korea, Japan, and Taiwan, together accounted for about 60 per cent.

Also in Singapore yesterday was Mr. Alan Wolff, who arrived in the morning and left in the evening after meeting Prime Minister Lee Kuan Yew.

Mr. Wolff revealed, just before he left for Australia, that he had two hours of talks with Mr. Lee in the afternoon on the Tokyo Round trade talks in Geneva, and that both the US and Singapore are in a substantial agreement on the subject.

Mr. Wolff, the US Deputy Special Trade Representative, praised the US-Singapore textile agreement although he admitted both sides fell somewhat short of their objectives. "It will allow trade to grow in an orderly fashion and will be of benefit to bilateral relations," he noted.

He revealed also that the subject of Singapore being reclassified as a developed country came up in his talks with Mr. Lee but added that the two reached "non-conclusions". He added, however, that Singapore would be judged as a developing country by many standards, and would certainly not qualify to be called an industrialised state.

SES asks Supreme to throw light on the upsurge

By CHAN BONG SOO

THE Stock Exchange of Singapore acted yesterday with commendable speed with a view to putting an end to the disorderly market conditions surrounding recent dealings in Supreme Corporation (SC).

The SES has written to the company demanding to know reasons that might explain the upsurge in both share price and share turnover in the past month.

In a strongly-worded letter to the company, the Exchange said that under the Securities Corporation Ordinance, the company should be made aware of its obligations where such information is likely to have a significant effect on the trading of the company's shares.

"You should therefore inform the Exchange immediately whether any such information has been withheld and whether your board of directors is aware of any reason for the substantial turnover and sharp increase in the price of your company's shares."

Supreme is also to inform the Exchange whether its board of directors is in any way involved directly or indirectly in the increased share activity. The query was triggered by a report in the Business Times of a syndicated attempt at cornering the shares of SC.

SC has been asked to comment on the BT article headed: "Day of reckoning for the hapless," and to supply a detailed list of directors' shareholdings since June 30.

## 'Tokyo heading bankrupt

TOKYO, the largest city in the non-communist world, is on the brink of bankruptcy and a financial takeover by the central government may be imminent.

In negotiations reminiscent of New York City's recent fiscal crises, city and central government officials have started discussions on necessary spending cuts, backs as well as proposals to issue new bonds to help cover the city's US\$979 million (\$2.26 billion) deficit.

The fiscal dispute, which underlines a wide philosophical gap between central government leaders belonging to the conservative party and Tokyo's socialist officials, also reflects the new political realities in Japan where no single party holds firm.

Like New York's fund shortage, Tokyo's has been looming for years. City authorities have encouraged talk of their fiscal difficulties as part of their annual bargaining with the central government, which provides 10 per cent of the city's income through subsidies and must approve another 10 per cent of your company's shares.

Thirty per cent comes from corporate taxes, 20 per cent from personal taxes, 20 per cent from special fees and 10 per cent from property taxes. "We realise that like New York we have been criticised for crying wolf," said Mr. Masaki Yoshida, a senior Tokyo finance officer, "but years.

## Joint trade



INCO  
Textiles

84

Memorandum of Understanding

Representatives of the Governments of the Republic of Singapore and the United States of America met in Washington September 26-30, 1977 and in Singapore January 30-February 2, 1978 for discussions on a new textile bilateral agreement and arrived at the following understandings which will be implemented through an exchange of diplomatic notes as quickly as possible.

The agreement will be for the four-year period from January 1, 1978 through December 31, 1981.

There will be a major review of the agreement within six months after the end of the second agreement year.

*As*  
February 3, 1978

*§*  
3/2/78



The first year aggregate is 231, 979, 421 square yards equivalent.

The level for Group I (yarns, fabric, made-ups and miscellaneous) is 51, 921, 618 square yards equivalent.

The level for Group II (apparel) is 177, 618, 401 square yards equivalent.

The level for Group III (wool products) is 3, 439, 402 square yards equivalent.



The level of the aggregate and of Groups I and II, in the second and succeeding years shall be increased by 6.25 percent. Growth in Group III shall be 1 percent.

Growth for specific limits in Groups I and II shall be 5 percent in the second and succeeding years except for Category 638/639 which shall be 3 percent. Growth for specific limits in Group III shall be 1 percent.



Within the aggregate limit, the limit for Group I may be exceeded in any agreement year by 15 percent, the limit for Group II may be exceeded by 7 percent and the limit for Group III may be exceeded by 1 percent.

Within the Group limits, swing for specific limits in Group I shall be 10 percent, in Group II, 7 percent, and Group III 5 percent.



Specific limits and the first year levels are:

333/334/335	150,000 dozen
633/634/635	400,000 dozen
347/348	500,000 dozen
647/648	1.35 million dozen
340	350,000 dozen
338/339	500,000 dozen
638/639	2.72 million dozen
643/644	2,853,240 Nos.
434	30,000 dozen, but no more than $1\frac{2}{3}$ may be in other than CPO jackets

*Handwritten signature/initials*

## Designated consultation levels include:

313	-	10 million square yards equivalent
314	-	5 million " yards "
317	-	8 million " yards "
319	-	3 million " yards "
320	-	6 million " yards "
369	-	14 million " yards "
600	-	3 million " yards "
604	-	Open 2.87 million square yards
625	-	7.8 million
445/446	-	20,000 dozen
351	-	281,295 dozen
659	-	1.2 million pounds
646	-	100,000 dozen



*For each agreement, give*

Minimum consultation levels for each category not given a specific limit or a designated consultation level shall be 1,000,000 square yards equivalent in cotton and man-made fiber non-apparel; 700,000 for cotton and man-made fiber apparel and 100,000 for wool products.

(A) The system of Categories and the rates of conversion into square yards equivalent listed in Annex B shall apply in implementing this agreement.

(B) The Merged Categories listed below shall be treated as single Categories, except as noted in the appropriate paragraphs below, with limits for the Merged Categories and their parts (sub-categories) as set out in Annex A.

A

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<u>Categories Merged</u>	<u>Designated in Agreement</u>	<u>Sub-categories</u>
1) 333, 334, 335	333/334/335	333; 334; 335
2) 633, 634, 635	633/634/635	633; 634; 635
3) 347, 348	347/348	347; 348
4) 647, 648	647/648	647; 648
5) 338, 339	338/339	338; 339
6) 638, 639	638/639	638; 639
7) 643, 644	643/644	643 knit; 643 woven; 644
8) 445, 446 <sup>1/</sup>	445/446	None

1/ Note: Categories 445 and 446 are merged as a Designated consultation level with a first agreement year limit (Jan. 1-Dec. 31, 1978) of 20,000 dz, no sub-categorization and hence full intra-merger shift.

(C) The merged categories designated in subparagraph (B) above shall have intra-category 'shift' of the percentages indicated and in the direction indicated as provided below, said percentages to be of the base limit of the receiving sub-category for each agreement year (including the first) except where otherwise noted.



1) 333; 334; 335

There shall be a limit to the shift of square yardage between 'suit type cotton coats, male' Category 333 and 'other coats, cotton male' Category 334 of up to 15 percent of the base level of each in any agreement year. This shift may be made in either direction and there shall be a limit, also of up to 15 percent similarly applied, in shifting square yardage from the male components (Categories 333/334) to the female, (Category 335). No shift of yardage may be made from female components, (Category 335) to male (Categories 333/334).

2) 633, 634, 635

No 'shift' in square yardage may be made in either direction between 'male, man-made fiber suit type coats', Category 633, and 'other male man-made fiber coats', Category 634, but a shift of yardage of up to 10 percent is permitted from female coats, Category 635, into male coats, Categories 633 and 634. No shift from male to female coats may be made.



3) 347, 348

There may be a 'shift' of yardage of up to 25 percent in either direction between 'cotton trousers, male', Category 347 and 'cotton trousers, female', Category 348.

4) 647, 648

A 'shift' of yardage of up to 25 percent in either direction may be made between 'man-made fiber trousers, male' Category 647, and 'man-made fiber trousers, female', Category 648.



5) 338, 339

The 'shift' in yardage between 'cotton knit shirts male', Category 338 and 'cotton knit shirts and blouses, female', Category 339 shall be limited to up to 15 percent into Category 339 and up to 35 percent into Category 338.

6) 638, 639

The 'shift' between Categories 638  
and 639 may be up to 25 percent in either  
direction.



## 7) 643, 644

The limit for Category 643 is set forth in Annex A. The full amount of this limit may be used for the knit component of this Category but the woven component shall be limited to 700,000 square yards; <sup>up to 10 percent</sup> A shift of up to 10 percent may be made from Category 643 to Category 644, but no shift may be made from Category 644 into Category 643.

8) 445, 446

There may be a total (100 percent) 'shift' in either direction between 'wool sweaters, male', Category 445, and 'wool sweaters, female', Category 446.



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In all instances where shift is applied,  
the percentage is of the receiving category.

Should, within any merged category,  
a 'shift' be made into one sub-category  
or component, an equivalent deduction shall  
be made from the other sub-category or  
component within the merged category in  
the same agreement year.



Carry-over and carry-forward may total 11 percent ,  
but carry-forward may not exceed 6 percent. There shall  
be no carry-over from the previous agreement into the  
first year of the new agreement.

A visa system will be put into effect as soon as practicable. A provision of the agreement will permit entry of samples without charge by providing a method of exemption for shipments valued at less than <sup>U.S.</sup> \$250.



Standard provisions shall include those on spacing, exchange of data, the definitions of products subject to the agreement, consultations, equity, on hand-loom and handicraft products, etc.

Singapore: Merged Category Levels and Prorated Sub Levels For The 1978 Agreement Year

<u>Category</u>	<u>Conversion Factor</u>	<u>Merger Level &amp; Prorated Sub Levels</u>
333/4/5	Dozen	150,000
333	36.2/dozen	7,500
334	41.3/dozen	39,600
335	41.3/dozen	102,900
633/4/5	Dozen	400,000
633	36.2/dozen	19,337
634	41.3/dozen	158,263
635	41.3/dozen	222,400
338/9	Dozen	500,000
338	7.2/dozen	210,500
339	7.2/dozen	289,500



2.

Merger Level  
& Prorated Sub  
Levels

Conversion Factor

Category

638/9	Dozen	2,720,000
638	18.0/dozen	272,000
639	15.0/dozen	2,448,000
643/4	Number	2,853,240
644	4.5/number	2,361,465
643 - knit	4.5/number	491,775
643 - woven	4.5/number	(155,555)
347/8	Dozen	500,000
347	17.8/dozen	344,500
348	17.8/dozen	155,500
647/8	Dozen	1,350,000
647	17.8/dozen	139,326
648	17.8/dozen	1,210,674

*[Handwritten signature]*

*[Handwritten signature]*

## ANNEX B

Cat.	Description	Conversion Factor	Unit of Measure
<u>YARN</u>			
-- Cotton			
300	Carded	4.6	Lb.
301	Combed	4.6	Lb.
-- Wool			
400	Tops and yarn	2.0	Lb.
-- Man-made fiber			
600	Textured	3.5	Lb.
601	Cont. cellulosic	5.2	Lb.
602	Cont. non-cellulosic	11.6	Lb.
603	Spun cellulosic	3.4	Lb.
604	Spun non-cellulosic	4.1	Lb.
605	Other yarns	3.5	Lb.
<u>FABRIC</u>			
-- Cotton			
310	Ginghams	1.0	SYD
311	Velveteens	1.0	SYD
312	Corduroy	1.0	SYD
313	Sheeting	1.0	SYD
314	Broadcloth	1.0	SYD
315	Printcloths	1.0	SYD
316	Shirtings	1.0	SYD
317	Twill and Sateens	1.0	SYD



318	Yarn-dyed	1.6	SYD
319	Duck	1.6	SYD
320	Other fabrics, n.k.	1.6	SYD

## -- Wool

410	Woolens and worsted	1.0	SYD
411	Tapestries and upholstery	1.0	SYD
425	Knit	2.0	Lb.
429	Other fabrics	1.0	SYD

## -- Man-made fiber

610	Cont. cellulosic, n.k.	1.0	SYD
611	Spun cellulosic, n.k.	1.0	SYD
612	Cont. noncell., n.k.	1.0	SYD
613	Spun noncellulosic, n.k.	1.0	SYD
614	Other fabrics, n.k.	1.0	SYD
625	Knit	2.0	Lb.
626	Pile and tufted	1.0	SYD
627	Specialty	2.0	Lb.

APPAREL

## -- Cotton

330	Handkerchiefs	1.7	Dz.
331	Gloves	3.5	DPR
332	Hosiery	4.0	DPR
333	Suit-type coats, M and B	30.2	Dz.
334	Other coats, M and B	41.3	Dz.
335	Coats, W, S and I	41.3	Dz.
336	Dresses (incl. uniforms)	45.3	Dz.
337	Playsuit, sunsuits, waders, creepers, rompers, etc.	25.0	Dz.

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338	Knit shirts, (inc. T-shirts, other and sweatshirts) M and B	7.2	Dz.
339	Knit shirts and blouses (inc. T-shirts, other & sweatshirts) W, G and I	7.2	Dz.
340	Shirts, incl.	24.0	Dz.
341	Blouses, incl.	14.5	Dz.
342	Shirts	17.8	Dz.
343	Suits, M and B	4.5	No.
344	Suits, W, G and I	4.5	No.
345	Sweaters	36.8	Dz.
347	Trousers, slacks, and shorts (outer) M and B	17.8	Dz.
348	Trousers, slacks and shorts (outer) W, G and I	17.8	Dz.
349	Brassieres, etc.	4.8	Dz.
350	Dress and gowns, inc. bathing, and beach robes, lounging gowns, house coats, and dusters	51.0	Dz.
351	Pajamas and other nightwear	52.0	Dz.
352	Underwear (inc. union suits)	11.0	Dz.
359	Other apparel	4.6	Lb.

-- Wool

431	Gloves	2.1	DPR
432	Hosiery	2.8	DPR
433	Suit-type coats, M and B	3.0	No.
434	Other coats, M and B	4.5	No.
435	Coats, W, G and I	4.5	No.
436	Dresses	4.1	No.
438	Knit shirts and blouses	15.0	Dz.



440	Shirts and blouses, n.w.	24.0	Dz.
442	Skirts	1.5	No.
443	Suits, M and B	4.5	No.
444	Suits, W, G and I	4.5	No.
445	Sweaters, M and B	14.88	Dz.
446	Sweaters, W, G and I	14.88	Dz.
447	Trousers, slacks, and shorts (outer) M and B	1.5	No.
448	Trousers, slacks, and shorts (outer) W, G and I	1.5	No.
459	Other wool apparel	2.0	Lb.
-- Man-made fiber			
630	Handkerchiefs	1.7	Dz.
631	Gloves	2.5	DPR
632	Hosiery	4.6	DPR
633	Suit-type coats, M and B	45.2	Dz.
634	Other coats, M and B	41.3	Dz.
635	Coats, W, G and I	41.3	Dz.
636	Dresses	45.3	Dz.
637	Playsuits, sunsuits, washsuits, etc.	21.3	Dz.
638	Knit shirts, (inc. T-shirts), M and B	13.0	Dz.
639	Knit shirts and blouses (inc. T-shirts), W, G and I	15.0	Dz.
640	Shirts, n.w.	24.0	Dz.
641	Blouses, n.w.	14.5	Dz.
642	Skirts	17.1	Dz.
643	Suits, M and B	4.5	No.

644	Suits, W, G and I	4.5	No.
645	Sweaters, W and G	36.8	Dz.
646	Sweater W, G and I	36.8	Dz.
647	Trousers, slacks, and shorts (outer), W and I	17.8	Dz.
648	Trousers, slacks and shorts (outer), W, G and I	17.8	Dz.
649	Brassieres, Etc.	4.8	Dz.
650	Dressing gowns, inc. bath and beach robes	51.0	Dz.
651	Pajamas and other nightwear	52.0	Dz.
652	Underwear	16.0	Dz.
659	Other apparel	7.8	Lb.

# MADE-UPS AND MISC.

## -- Cotton

360	Pillows	1.1	No.
361	Sheets	6.2	No.
362	Bedspreads and quilts	6.9	No.
363	Terry and other pile towels	0.5	No.
369	Other cotton manufactures	4.6	Lb.

## -- Wool

464	Blankets and auto robes	1.3	Lb.
465	Floor covering	0.1	SFT
469	Other wool manufactures	2.0	Lb.

## -- Man-made fiber

665	Floor covering	0.1	SFT
666	Other man-made fibers	7.8	Lb.
669	Other man-made manufactures	7.8	Lb.



8-250/10/7/16.

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DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

17/2

O.SI21432 DOS11/JN  
TOR 2115 16.2.78

O.SI21432 1700 16.2.78 CLA ECLIPSE

TO.  
PP CANBERRA/5160

RP.  
RR WASHINGTON/101

FM. SINGAPORE / FILE 828/21/1

**ECLIPSE**

S E C R E T

UNITED STATES/SINGAPORE RELATIONS : P3 SURVEILLANCE FLIGHTS.

UNITED STATES AMBASSADOR HOLDRIDGE TOLD HIGH COMMISSIONER IN STRICT CONFIDENCE ON 15 FEBRUARY THAT HE HAD BEEN INSTRUCTED TO SEE LEE KUAN YEW AS SOON AS POSSIBLE AFTER HIS RETURN FROM AUSTRALIA TO PUT TO HIM A PROPOSAL THAT UNITED STATES P3 AIRCRAFT BE PERMITTED TO CONDUCT INDIAN OCEAN SURVEILLANCE FLIGHTS FROM SINGAPORE. THIS IS IN EFFECT AN EXTENSION OF THE CURRENT ARRANGEMENT FOR STAGING P3 AIRCRAFT THROUGH SINGAPORE ON THEIR WAY TO DIEGO GARCIA AND RETURN. THE NEW ARRANGEMENT WOULD PROVIDE FOR AIRCRAFT TO BE TEMPORARILY DEPLOYED TO SINGAPORE AND WILL GREATLY INCREASE AMERICAN CAPABILITY TO KEEP A WATCH ON THE INDIAN OCEAN.

2. HOLDRIDGE SAID THAT THE PROPOSAL HAD THE FULL APPROVAL OF BOTH CONGRESS AND THE US ADMINISTRATION. HE EXPECTED THAT LEE MIGHT WISH TO HAVE THE PROPOSAL ENSHRINED IN SOME KIND OF FORMAL DOCUMENT AS A SAFEGUARD AGAINST ANY SUBSEQUENT CHANGE OF HEART BY CONGRESS. THIS WILL BE FOR DISCUSSION WITH LEE.

3. THE UNITED STATES DEFENCE ADVISER'S OFFICE HAS ALSO PASSED THIS INFORMATION TO OUR DEFENCE ADVISER. IN DISCUSSING THE FUTURE IMPLICATIONS OF THESE FLIGHTS, IT EMERGED THAT IT COULD MEAN AS MANY AS SEVEN OR EIGHT P3 AIRCRAFT COMING THROUGH AND/OR OPERATING FROM SINGAPORE IN ANY ONE MONTH. THERE COULD BE A DIRECT INVOLVEMENT FOR AUSTRALIA AS THE AMERICANS WILL BE EXPECTING TO BE ABLE TO CONTINUE TO DEPEND ON THE SERVICES PROVIDED BY THE RAAF MOVEMENTS UNIT AT TENGGAH. THERE COULD ALSO BE SOME INVOLVEMENT FOR US IN REGARD TO PROVIDING SECURITY FOR THE P3'S WHILE THEY ARE ON THE GROUND OVER NIGHT. TO WHAT EXTENT WE COULD BE ASKED TO ASSIST WITH SECURITY WILL DEPEND ON WHAT CAN BE PROVIDED BY THE SINGAPOREANS. THE AMERICANS WILL ALSO NEED TO CONSIDER THEIR PROCEDURES FOR MAINTAINING THE VERY SOPHISTICATED ELECTRONIC EQUIPMENT USED BY THE P3'S AS WELL AS MAINTENANCE OF THE AIRCRAFT. SUFFICIENT BACK-UP EQUIPMENT WILL PROBABLY BE CARRIED BY THE AIRCRAFT TO MEET THE FORMER REQUIREMENT. THE LATTER WILL PROBABLY BE MET BY USING LOCKHEED AIRCRAFT EXPERTISE LOCATED IN SINGAPORE. IT APPEARS TO BE UNDERSTOOD THAT THE RAAF UNIT TENGGAH WOULD NOT HAVE

.../2

*Mr. Ryan*

**ECLIPSE**

SECRET

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DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

# ECLIPSE

2 - 0.SI21432

THE FACILITIES OR EXPERTISE TO TAKE CARE OF THESE MATTERS. THE PRESENT RAAF COMMUNICATIONS NETWORK COULD, HOWEVER, BE CALLED UPON.

4. NATURALLY, NONE OF THESE MATTERS HAVE BEEN RAISED WITH US IN A FORMAL WAY AND WILL NOT BE SO RAISED UNTIL HOLDRIDGE HAS SEEN LEE. HOLDRIDGE EMPHASISED THAT AT THIS STAGE HE WAS SPEAKING IN THE STRICTEST CONFIDENCE AND ASKED TO BE PROTECTED.

ACTION: MR HENDERSON

PRIME MINISTER  
FOREIGN MINISTER  
MR HENDERSON  
SIR ARTHUR TANGE  
MR JOCKEL  
MR FURLONGER  
SIR ALAN CARMODY

*Communications advised of D.P. as action Branch.  
D.P. (Rob. Newton) not if red + will action*

*[Signature]* 21/2

# ECLIPSE

ACTION: MR GATE  
MR TAYLOR

MR HENDERSON MR PARSONS MR FERNANDEZ MR D G WILSON MR OSBORN  
MR DALRYMPLE MR LAWREY MR LYON MR BURGESS MR HUTTON MR MILLE

SECRET

SECRET



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

O.SI21012 AE2/DRA  
TOR 1726 26.1.78

O.SI21012 1310 26.1.78 CLA

TO.  
RR CANBERRA/4842

RP.  
RR BANGKOK/957 JAKARTA/1781 KUALA LUMPUR/1398  
RR MANILA/540 HANOI/97

FM. SINGAPORE / FILE 1252/28

C O N F I D E N T I A L

VIETNAM/KAMPUCHEA - SINGAPORE COMMENT

DURING CALLS ON THE FOREIGN MINISTER RAJARATNAM, SENIOR MINISTER OF STATE FOR FOREIGN AFFAIRS LEE KHOON CHOY AND THE PERMANENT SECRETARY OF MFA CHIA CHEONG FOOK, THE FOLLOWING COMMENTS WERE MADE ON THE CURRENT DEVELOPMENTS IN THE DISPUTE BETWEEN VIETNAM AND KAMPUCHEA.

2. FIRSTLY, IT WOULD APPEAR THAT IT IS A SINGAPORE GOVERNMENT ASSESSMENT THAT THE EMERGING AND CONTINUING CONFLICTS BETWEEN HANOI AND PHNOM PENH MUST BE SEEN IN THE CONTEXT OF SINO-SOVIET RIVALRY TO WIN AND HOLD INFLUENCE IN SOUTH EAST ASIA AND TO ACHIEVE GAINS AT THE EXPENSE OF EACH OTHER. SECONDLY, WHILE THERE IS STRONG APPREHENSION OF FUTURE COMMUNIST AIMS, (ESPECIALLY OF VIETNAMESE-LED COMMUNIST EXPANSION) THERE IS A FEELING THAT THE NON-COMMUNIST COUNTRIES OF THE REGION CAN WITHSTAND AND LIVE WITH A CONTINUING PERIOD OF INSTABILITY IN THE INDOCHINA REGION. I FOUND A SURPRISING DEGREE OF CONFIDENCE HERE IN THE BASIC STRENGTH OF ASEAN AS AN ASSOCIATION AND THE FIRM CONVICTION THAT, IN THE FACE OF A FUTURE THREAT FROM VIETNAM, ASEAN COULD NOT AFFORD THE LUXURY OF TOO MUCH INTERNAL BICKERING AND NEEDED TO ATTRACT SUPPORT TO HELP IT PURSUE ITS DEVELOPMENT AIMS.

3. RAJARATNAM, FOR EXAMPLE, EXPOUNDED AT SOME LENGTH HOW HE HAD URGED THE DELEGATION OF UNITED STATES CONGRESSMEN LAST WEEK TO PUT UNITED STATES MONEY ON ASEAN. HE HAD TOLD THEM ASEAN WAS AWAY AND RUNNING AND COULD PROVE BY THE RESULTS OBTAINED ALREADY THE SUPERIORITY OF THE DEMOCRATIC MARKET ECONOMIES IN ASIA OVER THE ECONOMIES IN ASIA OVER THE CENTRALLY PLANNED ECONOMIES. HE HAD POINTED OUT THAT COMMUNISM HAD FAILED EVERYWHERE TO PRODUCE A RATE OF ECONOMIC AND SOCIAL PROGRESS TO COMPARE WITH THE NON-COMMUNIST WORLD. PRACTICALLY ALL THE GAINS MADE BY COMMUNISM HAD BEEN BY FORCE OF ARMS (FOR EXAMPLE, EASTERN EUROPE IN POST WORLD WAR II, CHINA, VIETNAM, ANGOLA, ETC.).

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## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2-0.SI21012

4. RAJARATNAM HAD REFERRED THE UNITED STATES CONGRESSMEN TO THE CHALLENGE MADE BY KRUSCHEV IN 1961 TO KENNEDY TO CEASE THE COLD WAR AND LET THE TWO SYSTEMS COMPETE PEACEFULLY FOR THE DEVELOPING WORLD. KRUSCHEV HAD LOST HIS WAGER AND RAJARATNAM HAD TOLD THE CONGRESSMEN THAT THEY WOULD LOSE ANY SIMILAR CONTEST AGAIN. THE BEST WAY TO AVOID THE DEBACLE OF ANY FUTURE MILITARY INTERVENTION IN SOUTH EAST ASIA TO COMBAT COMMUNISM WOULD BE FOR THE UNITED STATES TO BACK THE QUICKENING PACE OF ECONOMIC DEVELOPMENT OF ASEAN AND ENCOURAGE OTHER OUTSIDE POWERS TO DO THE SAME.

5. AS WE HAVE REPORTED, SINGAPORE IS NOT UNDULY CONCERNED AT BEING IGNORED BY THE VIETNAMESE FOREIGN MINISTER TRINH DURING HIS RECENT TOUR OF SOUTH EAST ASIA. THE SINGAPORE GOVERNMENT FELT THAT THEY HAD ACTED CORRECTLY OVER THE HIJACKERS. LEE KHOON CHOY, FOR EXAMPLE, EXPRESSED SOME MILD CONCERN THAT SOME OF SINGAPORE'S NEIGHBOURS TENDED TO BE A LITTLE TOO SENSITIVE ABOUT TAKING ACTIONS THAT MIGHT OFFEND HANOI. SINGAPORE DID NOT INTEND TO GIVE HANOI A VETO OVER ITS ACTIONS. "THE VIETNAMESE NEED US MORE THAN WE NEED THEM" WAS A LINE EXPRESSED BY LEE KHOON CHOY AND RAJARATNAM SEPARATELY. LEE SAID THAT IF VIETNAM PROFFERS AN "OLIVE BRANCH" SINGAPORE WILL RESPOND AT ONCE. THEY WILL NOT ASK, HOWEVER, FOR THE BRANCH TO BE EXTENDED.

6. NO FORECASTS WERE MADE ON THE LIKELY OUTCOME OF THE PRESENT PROBLEMS BETWEEN VIETNAM AND KAMPUCHEA, BEYOND THE COMMENT THAT THEY COULD GO ON FOR SOME TIME YET. THERE WAS AGREEMENT THAT OBVIOUSLY HANOI WOULD PREFER TO HAVE A SYMPATHETIC REGIME IN POWER IN HANOI, BUT IT WAS AGREED ALSO THAT PEKING WOULD NOT BE PREPARED TO TOLERATE THE OVERTHROW OF THE PRESENT PRO-CHINESE REGIME DESPITE ITS BLOODY AND HORRIFYING RECORD. LEE KHOON CHOY THOUGHT THAT A PRO-HANOI REGIME IN PHNOM PENH WOULD BE SEEN BY PEKING AS ULTIMATELY A GAIN BY THE USSR.

...PRICE

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN + DEP DEFENCE  
DEP PM AND CABINET  
ONA  
JIO

CONFIDENTIAL



DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

3-0.SI21012

CONFIDENTIAL

CONFIDENTIAL

ACTION: SA  
SEA

SEC	DEPSECS	EX	MCO	STE	LA	FAS(SEP)	PNG	FAS(NSA)
NA	FAS(WES)	ASP	EUR	AME	FAS(DEF)	DP	DC	FAS(NUC)
FAS(IOC)	IO	FAS(PCR)	INF	FAS(ECO)	FAS(LT)	GLT	IL	
FAS(MFS)	FAREP(S-M-P)							
ADAB DIR)	FAS(BP)	FAS(PTO)						
LONDON	NEW YORK	UN	WASHINGTON	WELLINGTON				



→ U.S.A. Section  
to retain

Ans 49  
7/2



CENTRAL INTELLIGENCE AGENCY

250/10/7/16

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

FEB 2 1978

In reply quote No. 1601/2  
Memorandum No. FA.95

INWARDS

25 January 1978.

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T. 2600

3024/2/1  
3024/2/19/3

SINGAPORE: HUMAN RIGHTS

In our telegram SI.20806 we reported the call by the U.S. Assistant Secretary of State responsible for human rights and humanitarian affairs, Miss Derian, on Singapore Foreign Minister Rajaratnam. I have subsequently received a briefing from Ingraham (American Deputy Chief of Mission) on Miss Derian's call on Prime Minister Lee Kuan Yew. In response to a series of questions by Miss Derian, Lee gave a very forthright explanation of his position on a range of human and political rights questions. This did not produce any new information, but a brief resume of the discussion as recounted to me is given below as confirmation of the Singapore position. Ingraham commented that the atmosphere throughout the discussion was very tense, and said no meeting of minds took place. As we have previously reported Lee invited visiting Congressman Wolff to call in order to arrange for a report more favourable to Singapore to be available in Washington.

2. Lee defended the continuation of the Internal Security Act. He said that unlike the communists in Europe, those in Asia fought with all the means they had at their disposal, and had no intention of engaging in any democratic and parliamentary processes. He said it was not possible to bring detained subversives to trial because other communist sympathisers would bring pressure to bear on witnesses, going to the point of assassinating them if necessary. He recalled how when celebrating with colleagues the successes of the PAP in an election in 1965, a youth, who had informed on the communists to the authorities, had been shot in the adjoining house.

3. Lee repeated his position that detainees would be released if they renounced the use of violent means of overthrowing the Government. He said many of the long term detainees remained in prison simply because they held hopes "of being on the reviewing stand" when the communists celebrated achieving power in Singapore.

Mr Warner  
Mr Usher

Pls dist. to USA, I.O. & Immigration Section  
N/6/2

CONFIDENTIAL

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2.

CONFIDENTIAL

4. On marked ballot papers for elections, Lee took his usual stand of saying that the system had been taken over from the previous colonial power and "what was good enough for the British is good enough for me". He said the system was retained because otherwise he would be the subject of allegations that he was stuffing the ballot boxes.

5. On refugees, Lee said that Singapore simply could not give permanent residence to any more than the fishermen he had already taken, and repeated the need for written guarantees before he would accept any refugees into a Singapore transit camp.

6. A copy of this memorandum is being sent to Washington.

(C.A. Edwards)  
Deputy High Commissioner

CONFIDENTIAL

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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

O.SI20010 LC1/TM  
TOR 1907 24.11.77

O.SI20010 1530 24.11.77 CLA

TO.  
RR CANBERRA/4097

RP.  
RR WASHINGTON/92 BANGKOK/904

FM. SINGAPORE / FILE 1254/1

➔ 250/10/7/16

Ⓟ

US-Singapore

SECRET

S E C R E T

SINGAPORE RELATIONS WITH THE UNITED STATES

INGRAHAM (AMERICAN DEPUTY CHIEF OF MISSION) TOLD US ON 23 NOVEMBER THAT DECISION HAD BEEN TAKEN BY PRESIDENT CARTER HIMSELF NOT (UNDERLINE ONE) REPEAT NOT (UNDERLINE ONE) TO SUPPLY SINGAPORE WITH I-HAWK MISSILES. IT WAS DECIDED THAT AN EXCEPTION TO THE GENERAL POLICY COULD NOT BE JUSTIFIED IN THIS CASE. TO COMPENSATE TO SOME EXTENT, UNITED STATES HAD AGREED TO AUTHORISE SINGAPORE TO PRODUCE M203 GRENADES (FOR USE WITH M16 RIFLES) BOTH FOR ITS OWN FORCES AND FOR THAILAND. INGRAHAM DID NOT KNOW DETAILS.

ACTION: MR PARKINSON

PRIME MINISTER  
FOREIGN MINISTER  
MIN DEFENCE  
MR CARMODY  
SIR ARTHUR TANGE  
MR FURLONGER  
MR JOCKEL

SECRET

Mr Dimmick



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

2-0.SI20010

SECRET

SECRET

ACTION: MR PRICE  
MR SADLIER

MR PARKINSON	MR ROWLAND	MR HENDERSON	MR PARSONS	MR OSBORN
MR DALRYMPLE	MR GATE	MR LYON	MR HUTTON	MR FERNANDEZ
MR CAMPBELL	MR WILSON	MR MILLER		



45

## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

O.SI19661 LFF12/MAC  
TOR 1035 28.10.77

O.SI19661 1650 27.10.77 CLA

TO.  
RR CANBERRA/3853RP.  
RR WASHINGTON/89 GENEVA/54

FM. SINGAPORE / FILE 1254/1, 1701/12/1 REF O.WH57955

250/10/7/16

C O N F I D E N T I A L

LEE KUAN YEW'S VISIT TO UNITED STATES

WE HAVE NOT YET BEEN ABLE TO OBTAIN DETAILED BRIEFING FROM EITHER SINGAPOREAN OR AMERICAN SOURCES ON THE VISIT BUT THE FOLLOWING POINTS MAY NEVERTHELESS BE OF INTEREST.

2. WHEN WE SAW CHIA CHIONG FOOK (PERMANENT SECRETARY, FOREIGN MINISTRY) ON ANOTHER MATTER ON 25 OCTOBER HE SAID REPORTS OF THE VISIT WERE JUST COMING IN, BUT HIS IMPRESSION WAS THAT THE VISIT WAS "SATISFACTORY" BUT NO MORE THAN THAT. HE SAID LEE KUAN YEW HAD MANAGED TO PUT SOME POINTS TO THE AMERICAN ADMINISTRATION BUT IT REMAINED TO BE SEEN WHAT ACCOUNT WOULD BE TAKEN OF THEM.

3. NEW ZEALAND HIGH COMMISSIONER HAS BEEN GIVEN DIFFERENT REACTIONS IN RECENT DISCUSSIONS HE HAS HAD WITH GOH KENG SWEE (MINISTER FOR DEFENCE) AND GOH CHOK TONG (SENIOR MINISTER OF STATE, FINANCE, WHO ACCOMPANIED LEE ON THE VISIT). GOH KENG SWEE SPOKE ENTHUSIASTICALLY ABOUT THE VISIT BEING "VERY SUCCESSFUL" FROM SINGAPORE'S POINT OF VIEW AS IT CONTAINED USEFUL REASSURANCES OF CONTINUED AMERICAN INTEREST AND INVOLVEMENT IN THE REGION. GOH CHOK TONG WAS MORE CAUTIOUS AND REFERRED TO SOME DISQUIETING (IN SINGAPORE EYES) ASPECTS OF THE DISCUSSIONS.

4. THE SPECIFIC POINTS OF THE DISCUSSIONS MENTIONED TO THE NEW ZEALAND HIGH COMMISSIONER INCLUDED THE WITHDRAWAL OF AMERICAN TROOPS FROM KOREA, WHERE LEE WAS APPARENTLY COMFORTED BY AMERICAN ASSURANCES THAT THEIR BASIC INTENTION WAS TO DEVELOP A NEW "MIX" OF UNITED STATES SUPPORT, GIVING A HIGHER PERCENTAGE OF AMERICAN AIR POWER AND SUPPORT FOR KOREAN FORCES, RATHER THAN SIMPLY WITHDRAWING AMERICAN GROUND TROOPS. LEE ALSO FELT HAPPIER WITH THE LONGER TIME FRAME NOW ENVISAGED. ON THE OTHER HAND THE SINGAPOREANS WERE PERTURBED BY WHAT THEY NOW UNDERSTOOD TO BE THE AMERICAN INTENTION TO NORMALISE RELATIONS WITH PEKING, LARGELY ON PEKING'S TERMS, AS SOON AS THE CURRENT PRE-OCCUPATION WITH PANAMA WAS OVER. LEE HAD

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## DEPARTMENT OF FOREIGN AFFAIRS

## INWARD CABLEGRAM

2 - SI19661

ASKED THE AMERICANS WHY THEY COULD NOT WAIT SAY FOUR OR FIVE YEARS, BUT HAD BEEN TOLD THIS WOULD NOT BE POSSIBLE.

## REFUGEES:

5. PRIOR TO RECEIPT OF REFTEL, INGRAHAM (AMERICAN DEPUTY CHIEF OF MISSION) HAD TOLD US THAT HE UNDERSTOOD LEE HAD MADE WHAT SEEMED TO BE AN "OFF THE CUFF" OFFER TO MAKE SOME SINGAPORE ISLANDS AVAILABLE TO VIETNAMESE REFUGEES. INGRAHAM DID NOT HAVE ANY DETAILS ABOUT WHAT SINGAPORE MIGHT HAVE IN MIND. IN THE DISCUSSION WITH CHIA THIS WAS REFERRED TO BRIEFLY. HE SAID SINGAPORE COULD MAKE AVAILABLE A COUPLE OF SMALL ISLANDS, AS IT HAD AFTER THE FALL OF SAIGON, AS A STAGING CENTRE FOR REFUGEES. HE STRESSED, HOWEVER, THAT SINGAPORE WOULD CONTINUE ITS POLICY OF ONLY ACCEPTING REFUGEES WHO HAD BEEN GIVEN A FIRM COMMITMENT FOR PERMANENT RESIDENCE IN SOME OTHER COUNTRY. HE SPOKE ON FAMILIAR LINES ABOUT SINGAPORE'S INABILITY TO ACCOMMODATE MORE REFUGEES, AND THEN SAID THAT SINGAPORE WAS PARTICULARLY CONCERNED THAT THE UNHCR WAS RUNNING INTO FINANCIAL DIFFICULTIES AND MIGHT NOT BE ABLE TO TAKE RESPONSIBILITY FOR REFUGEES HELD IN SINGAPORE FOR PROCESSING FOR MOVEMENT TO OTHER COUNTRIES. SINGAPORE WOULD NOT BE ABLE TO TAKE RESPONSIBILITY FOR THESE COSTS ITSELF. (OUR UNHCR CONTACTS HERE HAVE NOT GIVEN US ANY INDICATION THAT THEY HAVE FINANCIAL PROBLEMS AS SERIOUS AS THIS.)

ACTION: DEP FOREIGN AFFAIRS

PRIME MINISTER  
FOREIGN MINISTER  
MIN AND DEPT DEFENCE  
DEPT PM AND CABINET  
ONA  
JIO

CONFIDENTIAL

CONFIDENTIAL

DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

3 -SI 19661

CONFIDENTIAL

CONFIDENTIAL

ACTION: SEA  
ASP

SEC	DEPSECS	EX	MCO	FAS(SEP)	FAS(NSA)	SA	FAS(WES)
FAS(DEF)	DP	DC	HOCI	FAS(IOC)	FAS(PCR)	INF	FAS(ECO)
FAS(LT)	FAS(MFS)		FAREP(SMP)		ADAB(DIR)		FAS(POP)
FAS(TSO)							



WAAEYNVE  
WEC502

WH57955 1904 20.10.77 CLA

TO.  
RR CANBERRA/8941

RP.  
RR SINGAPORE/092 KUALA LUMPUR/095 MOSCOW/537  
RR JAKARTA/244

FM. WASHINGTON / REF O.CH583597

SECRET

UNITED STATES/SINGAPORE

ROUTINE  
SECRET

42 MR GATE  
(ASP)

13 10 21 1077

*M. T. Williams*

250/10/7/16.

AFTER A THOROUGH EXAMINATION OF RECORDS OF HIS VISIT, STATE DEPARTMENT HAVE CONFIRMED THAT LEE KWAN YEW MENTIONED IN HIS OFFICIAL DISCUSSIONS HERE THAT THE SOVIET UNION HAD MADE AN APPROACH TO SINGAPORE FOR USE OF ITS NAVAL FACILITIES AND THAT THE APPROACH HAD BEEN REJECTED. HE ALSO MENTIONED THAT THE SOVIET UNION HAD SOUGHT ACCESS TO COMMERCIAL FACILITIES FOR ITS MERCHANT SHIPPING AND THAT THIS HAD BEEN GRANTED. FRITTS TOLD US THAT LEE HAD REFERRED TO THE SOVIET APPROACH ON NAVAL FACILITIES IN AN HISTORICAL CONTEXT, IN ORDER TO ILLUSTRATE THE STRENGTH AND PERSISTENCE OF SOVIET INTEREST IN SOUTH EAST ASIA. LEE HAD NOT IMPLIED THAT ANY SUCH REQUEST HAD BEEN MADE RECENTLY.

2. DURING HIS VISIT LEE HAD STRESSED THAT HE WAS MUCH MORE CONCERNED ABOUT SOVIET ACTIVITIES IN ASIA THAN ABOUT CHINA'S. HE REFERRED, IN THE USUAL TERMS, TO THE ABILITY OF STRONG EXTERNAL POWERS TO DOMINATE THE AREA THROUGH THE APPLICATION OF NAVAL POWER AND CLAIMED THAT ONLY THE UNITED STATES NAVAL PRESENCE COULD MATCH THE PSYCHOLOGICAL IMPACT OF THE SOVIET UNION.

3. LEE EXPLAINED TO THE PRESIDENT AND OTHER SENIOR UNITED STATES OFFICIALS HIS DESIRE FOR HAWK MISSILES. HE WAS TOLD THAT HIS VIEWS WOULD ASSIST FURTHER UNITED STATES CONSIDERATION OF THE MATTER, BUT HE WAS GIVEN NO DIRECT REPLY AS TO WHETHER THE MISSILES WOULD BE MADE AVAILABLE OR NOT. FRITTS TOLD US THAT THE ADMINISTRATION WAS DIVIDED ON THE MATTER. ACDA AND ASSOCIATED ELEMENTS OF STATE CONCERNED WITH ARMS CONTROL, ARGUED THAT SUPPLY OF HAWK MISSILES WOULD BE CONTRARY TO THE ADMINISTRATION'S ESTABLISHED POLICY NOT TO BE THE FIRST TO INTRODUCE A MORE SOPHISTICATED WEAPONS SYSTEM INTO A REGION. EAST ASIAN AND PACIFIC AFFAIRS BUREAU, ON THE OTHER HAND, ARGUED THAT, IF ASIA WERE REGARDED AS THE REGION TO BE CONSIDERED, UNITED STATES HAD ALREADY SUPPLIED THE SAME MISSILES TO SOUTH KOREA AND TAIWAN. MOREOVER VIETNAM HAD MORE ADVANCED SYSTEMS. THE RANGE OF THE HAWK MISSILE WAS ONLY HALF THAT OF THE BLOODHOUND THAT IT WOULD REPLACE. IT WAS THUS MORE CLEARLY A DEFENSIVE SYSTEM. FRITTS INDICATED IT MAY BE SOME TIME BEFORE A FINAL DECISION IS MADE.

4. LEE ALSO USED THE OCCASION OF HIS VISIT TO CANVAS SINGAPOREAN CONCERNS ON A VARIETY OF ECONOMIC ISSUES, INCLUDING THE POSSIBLE CHANGE IN OPIC COVER, IMF STATUS AND TAX DEFERRAL.

5. FRITTS SAID (AND HE ASKED THAT THIS BE CAREFULLY PROTECTED) THAT THE VISIT HAD ALSO PROVIDED SOME INDICATION THAT SINGAPORE WOULD BE PREPARED TO DO MORE FOR INDO-CHINA REFUGEES THAN IN THE PAST.

6. LEE'S MAIN PURPOSE, FRITTS SAID, SEEMED TO BE TO ASSESS FOR HIMSELF THE FLAVOUR AND STYLE OF THE NEW ADMINISTRATION. HE SEEMED TO HAVE GONE AWAY MILDLY REASSURED.



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DEPARTMENT OF FOREIGN AFFAIRS  
**INWARD CABLEGRAM**

O.SI19196 LFF4/MAC  
TOR 1815 26.9.77

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TO.  
RR CANBERRA/3516

RP.  
RR WASHINGTON/85

FM. SINGAPORE / FILE 1254/1 828/21 REF O.WH56066

S E C R E T

LEE KUAN YEW'S VISIT TO WASHINGTON

IN A GENERAL DISCUSSION ON 23 SEPTEMBER, INGRAHAM (AMERICAN DEPUTY CHIEF OF MISSION) SAID THAT THE EMBASSY HERE DID NOT YET KNOW THE PROPOSED AGENDA FOR LEE'S VISIT TO WASHINGTON. INGRAHAM SAID THAT LEE WOULD BE ASKING FOR C130B AIRCRAFT (WHICH THE AMERICANS WERE NOT ABLE TO SUPPLY) AS WELL AS THE I-HAWK MISSILES. INGRAHAM INDICATED THAT THE AMERICAN EMBASSY HAD NOT REPEAT NOT TAKEN A POSITION EITHER IN SUPPORT OF OR AGAINST THESE REQUESTS, BUT SAID HE PERSONALLY DID NOT SEE HOW THE REQUEST FOR MISSILES COULD BE MET GIVEN THE NEW AMERICAN POLICY NOT TO BE THE FIRST TO INTRODUCE NEW WEAPON SYSTEMS INTO ANY AREA, ALTHOUGH THE WAY THIS POLICY WOULD BE APPLIED HAD NOT YET BEEN FULLY WORKED OUT.

2. INGRAHAM SAID THAT CINCPAC HAD RECOMMENDED THAT THE QUESTION OF SUPPORT FOR INCREASED RECONNAISSANCE IN THE INDIAN OCEAN BE RAISED WITH LEE. THE EMBASSY HAD CONFINED ITSELF TO RECOMMENDING THAT THIS SUBJECT NOT BE INTRODUCED IF THE REQUEST FOR HAWK MISSILES HAD TO BE TURNED DOWN.

PRIME MINISTER  
FOREIGN MINISTER  
FOREIGN AFFAIRS  
MIN AND DEPT DEFENCE  
ONA  
JIO  
PM AND C

*MT Union*



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DEPARTMENT OF FOREIGN AFFAIRS

**INWARD CABLEGRAM**

2 - SI19196

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ACTION : MR PRICE/PERCIVAL

MR PARKINSON MR HENDERSON MR ROWLAND MR DUNN MCO MR LYON  
MR DALRYMPLE MR OSBORN MR D G WILSON MR FERNANDEZ MR BENSON  
MR HUTTON MR BIRCH MR M J WILSON MR EVANS



CENTRAL INTELLIGENCE  
D. 12

AUG 12 2 14 PM 1977

INWARDS

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

1460/3/11/1

In reply quote No. 1254/1

Memorandum No. FA 64/

4 August 1977.

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T. 2600

*McCarthy*

3034/11/161

SINGAPORE: RELATIONS WITH THE UNITED STATES

The American Embassy have told us that plans are being worked out for Prime Minister Lee Kuan Yew to visit Washington in September or October this year. No dates have yet been finalised but it is envisaged that Lee's visit will take place about a week or so after a visit by Prime Minister Houssein Onn on Malaysia. The Embassy does not yet have any detailed knowledge of the proposed topic for discussion with President Carter.

2. A copy of this memorandum is being sent to Washington and Kuala Lumpur.

250/10/7/16

*W.A.*

(C.A. Edwards)  
Deputy High Commissioner

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DCC 310)





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→ U.S. Section  
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AUSTRALIAN HIGH COMMISSION  
SINGAPORE

AUG 12 2 37 PM '77

INWARDS

In reply quote No. 1254/1.  
Memorandum No. FA. 643

250/10/7/16

McK...  
3 August 1977

302/11/161

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T. 2600

SINGAPORE REACTION TO VANCE'S SPEECH

The Singapore press and official reaction to the speech made by U.S. Secretary of State Vance on 29 June has been one of caution. The general attitude seems to be that Vance's speech by itself is not enough, but needs to be reinforced by some tangible action, though Singapore officials to whom we have spoken do not have any precise form of action in mind. We have already reported in our telegrams SI.18125 and SI.18154 a comment made to the High Commissioner and a comment made in context of a briefing in the ASEAN Foreign Ministers meeting. This memorandum gives a round-up of other comments made on Vance's speech.

ENCLOSURE ATTACHED

PR

2. The first press reaction to Vance's speech was in the Straits Times of 1 July which dealt with it mainly in the context of the recently completed meeting of ASEAN Economic Ministers. It was clearly pleased that ASEAN had been referred to as an "instrument for peace" and said the Secretary of States' "remarks are one more indication of how the world is now sitting up and taking notice of ASEAN's achievement and is potential..."

3. On the same day the New Nation commented that it found Mr Vance "convincing when he said the U.S. has recovered its confidence at home and has not abandoned its interests in Asia". The editorial welcomed Vance's pledges of assistance to ASEAN countries and generally found the speech reassuring, although it concludes with the cautious note that "the test will come as the United States translates its policy aims into reality".

4. On 2 July the Straits Times editorial dealt more fully with Vance's speech. It said that "generally the Americans hope to improve the present relations they have with Asian countries without being prepared to embark on any radical change". It expresses concern that Taiwan will continue to be a stumbling block for Sino-American ties, and is particularly

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...xious about "how Washington is going to keep its pledge to defend South Korea" in view of its "troop run-down". The editorial concludes on a note of mild apprehension saying that Vance had "rebuted certain unspecified nations for turning their backs on these unfortunate people (Indo-Chinese refugees); also, notwithstanding cultural and philosophical differences, the issue of human rights is emphasised. Implicitly, those with a better record in these matters will receive more favourable treatment".

5. The Chinese language Nanyang Siang Pau on 6 July gave the strongest criticism of Vance's speech. After rehearsing its contents, it concludes "Mr Vance's speech has outlined the U.S. new policy on Asia. However, what is regrettable is that he has made no deserving assessment on the birth and development of ASEAN. Neither has the U.S. shown deserving concern about communist insurgency in and external threat to the ASEAN countries. Thus, we feel obliged to point out that after being in power for six months, the Carter Administration's policy on South East Asia is still vague and empty". (Copies of the editorials are attached).

....

6. Both Prime Minister Lee Kuan Yew and Foreign Minister Rajaratnam referred to Vance's speech in their prepared statements to the Asian Foreign Ministers meeting on 6 July. Mr Lee Kuan Yew drew attention to the emphasis given by Vance to the economic aspects of the American Asian relationship. He said, "you will have read the statement of America's role in Asia, made by the U.S. Secretary of State, Mr Cyrus Vance, on 29 June in New York. You will have noted how he spelt out the interests of America in East Asia. His emphasis was on the economic relationships, that America's trade with East Asia and the Pacific is now one-fourth of her world trade, more than that with any other region, including the European Economic Community. He stated that the United States sold US\$22 billion worth of products in the region. Of this US\$22 billion, US\$3.7 billion, or 16.82%, were sold to ASEAN. He pointed out that from ASEAN, America bought one-tenth of her crude oil, and a higher percentage of her rubber, tin, cocoa, bauxite and other important raw material imports.

He then expressed the hope that out of US-ASEAN consultations expected within a few months, there will be a basis for stronger American support of Southeast Asian regional efforts.

It is a speech totally devoid of rhetoric, and free from any ideological overtones. The emphasis of the speech is on the economics of America's relationship with East Asia and the Pacific. The speech recognised the importance of overcoming the difficulties that lie ahead. With industrial countries plagued by inflation and unemployment, the countries of East Asia and the Pacific will go through a difficult period. And we all have experienced how under these adverse conditions, governments in industrial countries talk bravely of the importance of liberal trade, whilst quietly putting the pressure on for voluntary restraints, or erecting more tariff and non-tariff barriers."



7. For his part Mr Rajaratnam drew on Vance's speech after he had talked about the end of the "old cold war" and the emergence of a new kind of rivalry between the Soviet Union, America and China in which these major powers operated on the basis of "sound national interests" rather than "ideological affinities". He said, "...and this was reflected clearly in the U.S. Secretary of State's recent speech on America's role in Asia. It was a lengthy address running into eight single-spaced pages but not once did he refer to Communism or the Free World. He referred instead to the People's Republic of China, to Vietnam, to North Korea, to individual countries, but not to Communism, not to the Free World. That was the language of the old Cold War.

This is the first time, I think, that a U.S. Secretary of State has made a speech where the unmentionable went unmentioned. As I read it, the message is that the new Administration is not concerned with whether a country is Communist or not but whether it is a friend or a foe of America. It may not be happy to see countries turn to Communism but if it has to it will seek peaceful co-existence with such states. And I believe that this is also the approach of the USSR."

8. The Joint Communique issued after the meeting of the Foreign Ministers made two references to Vance's speech. The first reference was a reference to the comments made by Lee Kuan Yew, and simply stated: "The Prime Minister noted that the statement by the Secretary of State of the United States on 29 June 1977 had stressed the economics of the relationship between the U.S. and East Asia and the Pacific. In doing so, the U.S. Secretary of State had expressed the hope that the US-ASEAN consultations would provide the basis for stronger American support of Southeast Asian regional efforts.

9. The second reference was of more interest in that it contained the substantive comment by Foreign Ministers on the speech, and simply recorded that "the Foreign Ministers noted with interest the statement of the Secretary of State of the United States of America of 29 June 1977, in particular the references to the relationship between ASEAN and the United States".

10. Some background to this reference was given to us by the Singapore Director General for ASEAN, Tan Boon Seng, on 13 July (our SI.18154 refers). Tan said that ASEAN Foreign Ministers had felt that the Vance statement by itself was inadequate and needed to be backed up with some form of action. He was not however, able to specify what form of action was being sought. Tan also said Foreign Ministers had resented the distinction made between "friends" and "allies" and said that Ministers had thought that the distinction reflected a lack of sufficient commitment on the part of the United States to the security of South East Asia. Tan agreed that such a commitment would pose some problems for Singapore (and the other ASEAN countries) in relations with the Non-Aligned movement, but said that there were "some people" in Singapore who very much wanted to be described as "allies" of the United States.

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1. In an earlier discussion at a social function on July the Permanent Secretary of the Foreign Minister, Chia, said that Vance's statement was "alright" but really didn't go far enough. When we were joined by a member of U.S. Embassy, Chia agreed that he had no problems with the wording of the statement, but said that Singapore still felt that the United States had to substantiate in some way its expression of ongoing interests in South East Asia.

12. Discussions with our colleagues in Singapore show that they too are receiving the same expressions of concern about the inadequacy of the Vance statement from Singaporean officials.

Comments

13. It is not clear to us just what Singapore Government would like from the United States and it may well be that they have no final view of this themselves. As far as an American military presence is concerned, officials still talk of wanting the Americans to remain in the region but to be "over the horizon". It could well be that at least some Ministers want some form of American defence commitment to Singapore.

14. The form of required action most often suggested is the field of investment. Our American colleagues tell us that the Singaporeans appear reluctant to accept that this type of activity must come from the private rather than public sector, and is therefore beyond their immediate control. No doubt the question will be developed further when the U.S.-ASEAN talks take place in September, and it is already clear that Singapore officials are looking to these talks with a great deal of interest, and expectations which may well prove to be exaggerated. The Singaporean led demarche against proposed reforms of U.S. taxation law is of course already well known.

15. A copy of this memorandum is being sent to ASEAN posts and Washington.



(C.A. Edwards)  
Deputy High Commissioner



D14.

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Straits Times. 11.7.77

### ASEAN'S RESPONSE

WITH happy timing, as the Asean economic ministers were bringing to a fruitful conclusion their three-day meeting here, the US Secretary of State, Mr. Cyrus Vance, was expressing in New York the Carter administration's desire to strengthen support for the grouping which, along with other very agreeable things, he said was an "instrument for peace" and one of the "positive developments" in Asia in the past few years. Mr. Vance's remarks are one more indication of how the world is now sitting up and taking notice of Asean's achievements and its potential, and just how "positive" the organisation is at the moment was demonstrated by the ministers' agreement on tariff concessions, ranging from 10 to 30 per cent, on 71 items — the value of regional trade on these preferential items amounting to some \$367.5 million. This is progress indeed, but even so it is still relatively a small step towards the realisation of Asean's full capacity for inter-regional aid and self-help. But momentum is the important thing, and Asean certainly has that.

The other important thing to emerge from the meeting was Asean's measured but firm call to the developed countries to refrain from pursuing protectionist policies. The ministers expressed their "grave concern" at protectionist trends but they wisely used judicious language and avoided mention of retaliation, something which would automatically have been translated in Australia, Japan and other countries as a desire to seek confrontation. Trade wars do not solve anything; no one benefits from them in the long run. Asean now has the strength and the standing for notice to be taken of its view without threats. Asean is asking for more consideration, and that is the right tone to strike, one that does not sour the atmosphere with friends before negotiations to improve trading balances.



cohere and manage honestly a fair, workable system, in the final analysis the winning hand will be held by the communists. Given the numerous difficulties of individual Asean members in bettering the lives of the ordinary man, the surest, quickest way to undercut the appeal of revolutionary ideologies is for Asean to pull together.

## ASEAN'S RESPONSE

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serious damage;  
DISPERSE a riotous mob that you honestly believe will cause serious injury to people and property if not forcibly prevented;  
ARREST people committing acts of violence, or whom you honestly believe to have done so, or are about to do so, to prevent their escape;  
WHEN you are attacked with arms or explosives; and  
WHEN acting as a sentry or escort, the persons, vehicles, equipment or place you are guarding or escorting are attacked with arms or explosives.

### Impunity

It is in the right to kill in defence of "property, etc" that the South African manual goes far beyond guidelines to other armies. And much of this section of the manual is hazy, apparently allowing impunity for unnecessary killings.

The manual was obtained in Namibia from a South African soldier by the South-West Africa People's Organisation (Swapo). Officials of the movement in London say that its contents reinforce their view that elections, free from intimidation and brutality by the authorities, cannot be held until Pretoria's 50,000 troops are withdrawn from the territory.

The booklet says each platoon going into action must contain a military photographer to take pictures of ringleaders for later identification.

The aim of the manual is to give soldiers guidelines in dealing with civil disobedience, unlawful assembly, riots and "armed terrorist activities" in urban areas. The principle of "minimum force" is stressed. However, it adds: "The degree of force which it is appropriate to use will depend very much on the political climate." — OFNS.

SIXTEEN European countries tearing down tariff barriers to open up the world's free trade serving 300 million people.

From today the majority of industrial goods sold between the nine-nation European Economic Community (EEC) and seven-member European Free Trade Association (EFTA) will be duty-free.

The exceptions are small number of sensitive products, especially paper and metals, on which will be reduced to between now and the end of 1984.

A slower timetable for two EFTA members, Iceland and Portugal, who have until mid-1989 to eliminate their tariffs. The EFTA states are Austria, Norway, Sweden, Switzerland and Finland, a associate member.

Their EEC partner Belgium, Britain, France, Denmark, Ireland, Luxembourg, Netherlands and West Germany.

This free market for industrial goods in Europe is the culmination of a process which began five years ago when each country concluded

## REPLIES TO READERS

# Bunching of buses due to traffic and other factors

I REFER to "How Telok Blangah bus services can be improved" by "Loop" (ST, June 1) and would like to inform him of the reasons for the occasional problem of the bunching of buses.

Factors like varying traffic conditions and random arrival of com-

of Telok Blangah Drive or Telok Blangah Heights for Service 16.

Once the site is obtained, Service 16 will be extended.

FLORENCE TAN  
for PRO, SBS.

I REFER to the letter by "Angry Com-

The inconvenience caused to "Angry Com-muter" is regretted.

FLORENCE TAN,  
PRO, SBS.

I REFER to the letter by "Pro Courtesy" (ST, May 21) and would suggest that the writer contact the undersigned

low a smooth flow traffic along this road. Motorists going to NTUC Welcome Supermarket are urged to park or at other road the housing estate.

KOH LIAN HUA (MP)  
for Permanent Secret  
Ministry of Natl



FRIDAY, JULY 1, 1977

## Detached but not indifferent

US Secretary of State Cyrus Vance's enunciation of American policy in Asia and the Pacific puts generalised pronouncements and seemingly scattered actions by the US in the region over the past few months into a broad perspective. What emerges from the overall picture is a more detached US role, but apparently not one born out of greater indifference or worse, mistaken perceptions. The Vietnam debacle has had its most traumatic effect and, despite Watergate, Mr Vance is convincing when he said the US has recovered its self-confidence at home and has not abandoned its interests in Asia. He reiterated that the US will remain an Asian and Pacific power, continue its key role in contributing to peace and stability, normalise relations with Asian countries "on the basis of reciprocity and mutual respect," expand trade and investment, and help to improve the "human condition" of Asian peoples.

Though Mr Vance noted that serious problems persist, he spoke with obvious optimism, declaring that prospects in American-Asian relations are more promising than at any time since World War II. He pledges a strong US military presence in the area but, as is already apparent in South Korea, that will be affected by availability of more advanced defence technologies, improvement in local military capability and efforts to promote reconciliation and peace. The countries of ASEAN — which Mr Vance described as "an instrument for peace" — will have to live with the reality of a diminishing US military presence and a probably more assertive Japan while seeking to develop friendlier relations with Indochina. Mr Vance noted that "our old friends" in South-east Asia and the Pacific have agreed that the interests of all would be served by the establishment of normal relations between Vietnam and the US.

"Peace," Mr Vance said, "has freed the US and Asia to focus attention on economic growth." But development and fairer distribution which contribute to peace cannot be taken for granted. Developing Asian countries will welcome both Mr Vance's pledges to the Third World generally and his offers of assistance to Asian countries, including US efforts to persuade Japan — its key ally — to take over a greater share of the burden. The Americans regard Japan's growth an indispensable ingredient in the economic advance of the less-developed countries in the region." As Mr Vance sees it, Japan's great achievements have brought with the corresponding responsibilities. Taken at face value, there is a reassuring effect in Mr Vance's perceptions of Asian security, trade and development needs. The test will come as the US translates its policy aims into reality.

WHISPERS BY

The future of Lt. Gen. Ali Sadikin, the popular Governor of Jakarta over the last 11 years, has become a matter of deep concern to many Indonesians, especially Jakartans.

In less than a fortnight, he will be out of a job — unless appointed to another position by the Suharto government — after serving two full terms as Governor plus six months in a caretaker capacity.

At 49 years, the tough-talking Gen. Ali, popularly known as Bang Ali, is much too young to go into the background. Even if he wants to do that, his supporters won't allow.

His reputation as one of the few task masters, second only to the former head of Pertamina, Lt. Gen. Ibnu Sutowo, in a country short of zealous administrators has become too established for anyone to ignore.

In his 11-year career as Governor, Gen. Ali has done much to transform

Jakarta into a modern metropolis, improve living conditions through health and educational facilities.

His many achievements, which critics admit, are noted in him as the Magsaysay for government vice in 1971.

But in his slams to get done, he treads others' toes, as many as admirers.

His free-spending style, even on matters impinging on Suharto's administration, has not endeared him to the helm. He has earned his reputation of being the few men who dare to speak their mind.

## Four narrow rich-po

LONDON  
TIMES

Headline: The rich  
should buy more  
from the poor.

The tangled and bitter issues of disparity of wealth between the world's richer northern countries and their poorer southern neighbours have so come to dominate the international stage that almost no gathering of nations can avoid debating them.

It is thus hardly surprising that these issues should have concerned leaders of the Commonwealth during their London meeting. They are responsible for a large proportion of the estimated 1,000 million people of the world, even

the richer nations, on the other, the action made by D. Hussein Onn, Prime Minister of Malaysia, of "minimal indifference" to the part of the industrialised north towards the "human rights of poor in the socio-economic field."

The industrialised world has shown little of vision and imagination that the problem demands, offering a pathy, but only insignificant concessions.

In spite of the concern expressed at recent Downing Street summit, the North-South conference in Paris is more anxious to influence future oil prices than respond to the plea of the Third World.

Britain at least plays a constructive part in Paris, nudging her European partners towards



CHINESE PRESS

NANYANG SIANG PAU - 6.7.77

1. Vance on US Asian policy

US Secretary of State Cyrus Vance's speech on "US Asian policy" made last week at the Asian Society in New York receives the close attention of various quarters. This is the first time that the Carter Administration, since assuming office six months ago, touches on its policy on Asia although President Carter and other Government leaders have made several policy speeches on Europe and the Middle East. In view of this, despite its vagueness, Vance's speech still receives the close attention of all concerned.

The tone of this speech is very mild. It points out first and foremost that the prospects for the U.S. maintaining and fostering friendly relations with the various countries in East Asia are much brighter than any period after the second World War. This view is exactly similar to that expressed by Mansfield, a veteran member of the Democratic Party and U.S. Ambassador to Japan, who said that Asia was more peaceful today than any period since 1930. U.S.'s basic concept is that there is no more tension in Asia today in the face of Sino-Soviet opposition and Sino-American friendship and that the problem now is how to consolidate peace and economic construction. This basic concept of the U.S. may not be quite correct because the hidden danger of tension and war still remains at least in North-east and South-east Asia.

Continuing, Mr Vance lists out the following as the basic challenges facing the US:-

- (1) The establishment of closer and more equal partnership relations with Japan;
- (2) The adoption of an open-door policy with China;
- (3) Economic development in the Pacific region;
- (4) The growing solidarity of Asean;
- (5) Maintaining the status quo in Asia and preventing Asia from becoming tense.

Mr Vance also reaffirms America's intention to remain an Asian and Pacific power and continue its key role in contributing to peace and stability in Asia and the Pacific. He pledges that the US will seek friendly ties with the various countries in the Far East and pursue expansion of trade and investment and use her influence to improve the human condition of the peoples in the region. He also restates treaty commitments to defend Japan, South Korea and the Philippines. Mr Vance has, however, omitted to refer to the U.S.'s mutual defence treaty with Taiwan.

He describes .....



He describes Japan as the most important U.S. ally in Asia and the mutual security treaty with Japan as a corner-stone of peace in Asia. He points out that Japan's aids to countries in the Asian-Pacific region will contribute greatly to peace in the region and, as such, the US welcomes Japan's decision to double the amount of such aids in five years.

As regards China, Mr Vance says the hostility, misunderstanding and the estrangement of a quarter century between the peoples of China and the U.S. no longer exist, and that Sino-American friendship will be an important part of U.S. foreign policy. He says the U.S. recognises the "One-China" concept stressed in the Shanghai Communiqué and thinks it essential that the Taiwan problem be resolved peacefully by the Chinese people themselves.

However, on Korea, Mr Vance thinks that the two Koreas must be maintained. According to him, U.S. troops account for only five per cent of the ground forces and as such, the withdrawal of U.S. troops will not jeopardise the security of South Korea. He adds that the U.S. will strengthen South Korea's military power. He says that the U.S. suggests to change the existing armistice agreement into a permanent treaty and that because of this, the US proposes to hold a peace conference in which both the North and South Koreas, China and the Soviet Union will be invited to participate. He also proposes that both the North and South Korea should join the U.N.

On S.E. Asia, Mr Vance says the U.S. is willing to deal with the five South-east Asian countries through Asean if they so wish. He discloses that the U.S. will be holding its first meeting with Asean in Manila in a few months' time. He also says that the U.S. and Vietnam are holding talks on the normalisation of relations which will benefit all parties concerned.

Mr Vance's speech has outlined the U.S. new policy on Asia. However, what is regrettable is that he has made no deserving assessment on the birth and development of Asean. Neither has the U.S. shown deserving concern about communist insurgency in and external threat to the Asean countries. Thus, we feel obliged to point out that after being in power for six months, the Carter Administration's policy on S.E. Asia is still vague and empty.

SIN CHEW JIT POH - 6.7.77

## 2. Australia's protectionist trade policy

In an interview with the Straits Times on the eve of the 10th meeting of Asean foreign ministers, the Philippine Foreign Secretary, Mr Carlos Romulo, spoke strongly against the protectionist trade policies practised by certain developed countries. He said: "We face an imbalance in our trade with Japan, Australia and New Zealand, as a result of the disparities in the prices of the raw materials we export to them and the prices of the manufactured and capital goods that we import from them. It is to our interest, and to the interest

of the developed .....

## VANCE ON ASIA

AMERICAN Secretary of State Cyrus Vance has made an important and wide-ranging address on US policy in Asia which can be taken as the Carter Administration's broad thinking towards the Asian continent. Mr. Vance's speech can be interpreted as being designed to reassure old friends and to counsel former enemies of the continuing American interests in the region. While the Secretary of State avoids pushing into new areas of commitment, the main themes he has touched on reiterate basic US positions on a number of critical issues but they are nevertheless underlined by President Carter's concern for human rights. Very clearly, Washington will concentrate on normalising relations with China and at the same time preserving the US-Japanese alliance as the cornerstone of East Asian security. Generally, the Americans hope to improve the present relationships they have with Asian countries without being prepared to embark on any radical change.

East and North-east Asia occupy a great deal of attention, and in contrast the Indian sub-continent is hardly mentioned, leading one to surmise that South Asian states have been relegated to the periphery of US priorities. The central task before Mr. Vance in his upcoming visit to China will be to transform the constructive dialogue with the Chinese into an enduring and peaceful relationship which "will threaten no one" — a reference to mean that the Soviet Union should fear no gang-up on it. In coming to terms with the PRC, the US will of course be guided by the principles of the Shanghai Communiqué. However, Mr. Vance has notably kept silent on the US defence treaty with Taiwan, merely saying that the US wanted the "peaceful settlement of the Taiwan question by the Chinese themselves." But the Chinese have insisted that how the Taiwan problem is resolved — with or without resort to force — is not a matter for the US to place conditions on. Hence a main stumbling block in Sino-American ties continues to be Taiwan.

Asean mentioned



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### Asean mentioned

Mr. Vance repeats the security commitment to South Korea, while also stressing Seoul's self-sufficiency and self-reliance, citing South Korean growth and strength as the basis for President Carter's decision on a phased military withdrawal. There is a promise to help South Korea increase its defence capabilities, but it remains vague and undefined. Somewhat in a contradictory vein, the Americans have offered to start negotiations, bringing together all the conflicting parties involved, but there is unlikely to be a response from the North until there is an accelerated American pull-out, an event which hopefully will not occur despite Pyongyang's strident eloquence directed at Mr. Carter. How Washington is going to keep its pledge to defend South Korea, particularly when a crisis comes up, as it carries on its troop rundown is one of the enigmas of the Carter strategy.

Two parts of South-east Asia are crucial for the US: Vietnam and Asean. Mr. Vance has indicated that Hanoi and Washington have gone some way towards restructuring bilateral ties on a new footing, but he is understandably cautious: both sides, he says, must overcome the residue of bitterness from the past. The Secretary of State appears more optimistic over Asean, welcoming the first US-Asean consultations to be held in Manila and hoping for stronger American support for Asean as a result of these talks. There is the recognition of the useful economic ties between the US and Asean — which should lead to more mutually beneficial cooperation. Mr. Vance has, however, further raised the problem of Indo-Chinese refugees and he has rebuked certain unspecified nations for turning their backs on these unfortunate people; also, notwithstanding cultural and philosophical differences, the issue of human rights is emphasised. Implicitly, those with a better record in these matters will receive more favourable treatment.

FOREIGN AFFAIRS

250/10/7/16  
28  
Confidential

FILE No.

DATE

SUBJECT

Draft Record of Conversation.

FOR.....

Mr. Dalrymple

Attached for your  
consideration is a draft  
record of your conversation  
yesterday with Mr. See.

ES.  
22/7.

Mr. O'S

OK

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## RECORD OF CONVERSATION

between His Excellency Mr C. M. See, High Commissioner for Singapore and Mr F. R. Dalrymple, First Assistant Secretary, Western Division

21 July 1977

Officer Mr P. T. O'Sullivan, USA Section

Subjects Prime Minister's Visit to U.S.; U.S. Policy to SEA;  
U.S. Global Posture

The High Commissioner <sup>said he had come to seek</sup> ~~commenced~~ by asking for an account of the Prime Minister's visit to the United States. Mr Dalrymple reviewed the various talks the Prime Minister had had and gave a general account of the visit. Australia was reassured about American policy on the Indian Ocean, on South East Asia, on relations with the Soviet Union, on consultations with United States on matters of mutual interest. Mr Dalrymple gave Mr See an outline of the discussions on China; the Philippines bases, CHOGM discussions, ANZUS and other issues. Australian/American relations were "comfortable" <sup>but</sup> without ~~being~~ <sup>any</sup> illusory <sup>illusions on our side</sup>.

2. Mr See wondered if President Carter's declaration that the Cold War was over <sup>he indicated he has in mind the East and ASEAN</sup> meant that the Americans no longer made a distinction in Asia between Communist and non-Communist powers. <sup>the Communist</sup> Mr Dalrymple noted that the Prime Minister had told the

*Mr Dalrymple explained that the distinction, as we saw it, between United States policy towards SEA and policy towards ASEAN. He thought that the belief that large amounts of US aid would be provided to Vietnam was unlikely to be realized in the foreseeable future. In response to the High Commissioner's comments, however, about the Carter Administration's position interest (or lack of it) in South East Asia,*

Americans that many countries in South East Asia wanted to see <sup>the United States</sup> America <sup>maintain</sup> take an interest in the area. The Americans accepted this, <sup>but</sup> pointed out that the new Administration had been confronted with problems in other areas (e.g. <sup>South Africa, S.A.F.,</sup> the Middle East) that required <sup>prompt</sup> attention. There was no lack of interest in South East Asia <sup>but it has not presented urgent problems demanding immediate attention</sup>. Holbrooke would visit the region in September (Mr See mentioned he had heard a suggestion that Secretary Vance might also visit the region.) The Americans wanted to

../2



retain the Philippines bases, but not at any price. American economic interests in the region were strong. The progress of normalising relations with Viet-Nam had faltered over the question of aid. Australia and the United States hoped Japan would assume greater responsibility in aid to South East Asia.

3. Mr See asked if there were any signs of a diminished perception of the United States' global role under Carter's Administration. There were fears of a growing imbalance in Europe between the conventional <sup>forces</sup> ~~fares~~ of the NATO and Warsaw pacts; was this also true of the 'demilitarisation' proposals on the Indian Ocean? Mr Dalrymple thought Carter <sup>his advisors had been</sup> ~~was~~ fed up with easy propaganda <sup>victories</sup> by the Soviet Union in respect of the Indian Ocean. His proposals amounted to a call to the Soviet Union to negotiate seriously; it did not signify a scaling down of global interests. In Europe, it had been obvious that NATO countries would need to do more about their own defence. This was a continuing concern of American Administrations. More generally, Carter gave the impression of being firm in his handling of the Soviet Union. He was not prepared to "buy" improvements in the climate of relations with deals, in the way Kissinger did. The main substance of relations - e.g. SALT, <sup>was being conducted</sup> ~~continued~~ in a business-like way without too much <sup>real disturbance from the atmosphere</sup> ~~interruption~~.

4. Mr See mentioned the coming talks between ASEAN and Australia. He thought the discussions on market access and terms of trade between Malaysia and Australia would be difficult.



250/10/7/16 25

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2. Mr See wondered if President Carter's declaration that the Cold War was over, meant that the American no longer made a distinction in Asia between Communist and non-Communist powers. Mr Dalrymple noted that the Prime Minister had told the Americans that many countries in South East Asia wanted to see America take an interest in the area. The Americans accepted this (but pointed out that the new Administration had been confronted with problems in other areas (e.g. the Middle East) that required attention. There was no lack of interest in South East Asia. Holbrooke would visit the region in September (Mr See mentioned he had heard a suggestion that Secretary Vance might also visit the region.) The Americans wanted to

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AUSTRALIAN HIGH COMMISSION  
SINGAPOREIn reply quote No. 1254/1  
Memorandum No. FA 523

22 June 1977

Mr. K. K. K.

23/10/7/16

3024/11/161

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T.SINGAPORE : VISIT OF U.S. SECRETARY  
OF AGRICULTURE

Mr Bob Bergland, U.S. Secretary of Agriculture, visited Singapore from 13 to 15 June, as part of a tour of East Asia. Mr Bergland is the first Cabinet member of the new Carter Administration to visit Singapore. He opened a conference of Agricultural Attaches from eleven American Embassies in Asia being held from 14 to 16 June. The conference was being held to review the region's food and trade situation and to discuss U.S. trade and agricultural policies in the region. Mr Bergland met the Acting Prime Minister, Dr Goh Keng Swee, and also held discussions with the Minister for National Development and Communications, Mr Lim Kim San, on the role of the U.S. in the economic development of ASEAN in general. Mr Bergland was accompanied by two Assistant Secretaries of Agriculture - Mr Robert Meyer and Mr Dale Hathaway - and three members of the U.S. House of Representatives.

2. Speaking on U.S. food supplies to the non-communist region, Bergland said at a press conference: "There will be no curtailment or embargo. We would like to continue this trade because this dependability of supply is important to Singapore. On the region as a whole, we would like to provide technical assistance to boost agricultural production or improve the infrastructure such as in transportation. That kind of support on a sustained basis is very important." Bergland also said that the U.S. supported a world food security system by which food prices can be stabilized to some extent, rather than the dumping of commodities in the market thereby depressing prices. He said that proposals along these lines will be tabled at the World Food Council meeting in Manila later this year.

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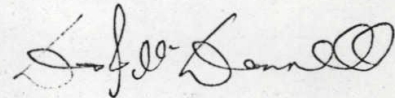
→ USA Section  
Commercial Policy Review  
Main Section  
M.



3. The U.S. Ambassador to Singapore, Mr John Holdridge, took the occasion of Bergland's visit to underline strongly the continuing commitment of the U.S. to South East Asia. Mr Holdridge said: "We have an important economic stake here, one which we are determined to preserve and develop." He said later: "We have given firm assurances to the leaders of the region that there is a continuum in U.S. foreign policy and that we fully intend to maintain a strong flexible military presence in the region." Mr Holdridge said the U.S. Government intended to "meet ASEAN, probably this autumn, to discuss a wide range of mutually important topics".

4. The U.S. Embassy have told us that Bergland's visit to Singapore was primarily to open the conference of Agricultural Attaches. The conference was basically trade oriented, that is, devoted to technical questions of marketing and sales. Bergland's and the Ambassador's reassurances on U.S. economic and political commitment to South East Asia were made because the opportunity to do so in public had already been created.

5. A copy of this memorandum has been sent to Washington.



(D.J. McDonnell)  
Third Secretary



→ US Section

*John*  
*16/10/16*

21

File No: 3024/11/161.....

From Singapore Bi-monthly Roundup 17 FEB - 2 MARCH 1977

250/10/7/16

U.S. : CIVIL AVIATION

6. A delegation of U.S. civil aviation officials left Singapore on 4 March after four days negotiations had failed to agree on Singapore Airlines' application for landing rights on the West Coast of the United States. Negotiations will be resumed in Washington in about June.



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DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

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TO.  
PP CANBERRA/3294

RP.  
RR JAKARTA/170 BANGKOK/274 MANILA/211  
RR KUALA LUMPUR/070 SINGAPORE/068  
RR TOKYO/906 PEKING/160 SEOUL/070  
RR RANGOON/011 VIENTIANE/030  
BB HANOI/017

FM. WASHINGTON / FILE 221/11/1/1

R E S T R I C T E D

UNITED STATES POLICY IN ASIA

HOUSE INTERNATIONAL RELATIONS COMMITTEE ASIAN AND PACIFIC AFFAIRS SUBCOMMITTEE HELD ITS FIRST FORMAL HEARING ON 10 MARCH. IT HAS HOUSE LEGISLATIVE AND OVERSIGHT RESPONSIBILITY FOR THE AREA AND WILL MAKE SPECIFIC RECOMMENDATIONS TO THE FULL COMMITTEE ON FOREIGN ASSISTANCE LEGISLATION. WHILE THE MEMBERS OF THE SUBCOMMITTEE WERE GENERALLY SYMPATHETIC TO THE INTERESTS OF THE COUNTRIES IN THE REGION, THEY ALSO REFLECTED WIDESPREAD CONGRESSIONAL CONCERN ABOUT HUMAN RIGHTS QUESTIONS IN SOUTH KOREA AND THE PHILIPPINES, AND THE POSSIBILITY THAT MILITARY EQUIPMENT PROVIDED UNDER THE GRANT MILITARY ASSISTANCE PROGRAM TO THE PHILIPPINES AND INDONESIA MIGHT BE USED TO PUT DOWN INTERNAL DISSENSION.

2. IN HIS STATEMENT TO THE SUBCOMMITTEE HOLBROOKE (ASSISTANT-SECRETARY DESIGNATE, BUREAU OF EAST ASIAN AND PACIFIC) SAID THAT THE END OF UNITED STATES INVOLVEMENT IN INDOCHINA SIGNALLED A NEW ERA IN EAST ASIA AND OPENED UP THE PROSPECT OF DEVELOPING A NEW RANGE OF UNITED STATES POLICIES. HOWEVER, DESPITE CLOSE QUESTIONING FROM MEMBERS OF THE SUBCOMMITTEE, HOLBROOKE GAVE LITTLE INDICATION OF WHAT POSITIONS THE ADMINISTRATION WAS LIKELY TO TAKE ON THE DETAILS OF GROUND TROOP WITHDRAWALS FROM SOUTH KOREA, ON BASES NEGOTIATIONS WITH THE PHILIPPINES, OR ON THE NORMALISATION OF RELATIONS WITH VIETNAM AND CHINA. HOWEVER, HE DID CONCEDE THAT A REDUCTION IN UNITED STATES ECONOMIC AND SECURITY ASSISTANCE MIGHT ADVERSELY EFFECT BASES NEGOTIATIONS WITH THE PHILIPPINES LATER THIS YEAR.

3. IN HIS STATEMENT TO THE SUBCOMMITTEE WHICH REPRESENTS THE FIRST DETAILED EXPRESSION OF UNITED STATES POLICIES TOWARDS COUNTRIES IN THE ASIAN REGION, HOLBROOKE SAID: 'WHILE WE WILL NEED

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INWARD CABLEGRAM

2-O.WH045621

ADDITIONAL TIME TO FORMULATE FULLY DETAILED POSITIONS, SEVERAL BROAD POLICY GUIDELINES ARE ALREADY CLEAR:

- THE UNITED STATES SHALL REMAIN AN ASIAN/PACIFIC POWER.
- WE SHALL PRESERVE A BALANCED AND FLEXIBLE MILITARY POSTURE IN THE WESTERN PACIFIC.
- WE SHALL MAINTAIN CLOSE TIES TO JAPAN.
- WE SHALL MAKE EFFORTS TO NORMALIZE DIPLOMATIC RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA, WITH DUE REGARD FOR THE SECURITY OF THE PEOPLE OF TAIWAN.
- WE HAVE ALREADY MOVED FORWARD ON THE NORMALIZATION OF DIPLOMATIC RELATIONS WITH VIETNAM, WITH THE FORTHCOMING DEPARTURE OF A PRESIDENTIAL COMMISSION TO HANOI.
- OUR SECURITY AND ECONOMIC TIES WITH OUR ALLIES IN NEW ZEALAND AND AUSTRALIA REMAIN STRONG.
- WE INTEND TO PHASE OUT OUR GROUND FORCES IN KOREA, ENSURING THAT THE SECURITY OF KOREA IS IN NO WAY THREATENED. OUR TROOP WITHDRAWAL WILL BE CARRIED OUT IN CLOSE CONSULTATION WITH THE REPUBLIC OF KOREA AND WITH JAPAN.
- THE UNITED STATES CONTINUES TO HAVE AN INTEREST IN SOUTHEAST ASIA AND WILL PLAY AN APPROPRIATE ROLE THERE. WE LOOK FORWARD, FOR EXAMPLE, TO SUCCESSFUL NEGOTIATIONS WITH THE PHILIPPINES ON THE USE OF BASES THERE.
- THE UNITED STATES IS DEDICATED TO IMPROVING THE WORLD ECONOMIC STRUCTURE AND TO THIS END WILL WORK WITH BOTH DEVELOPED AND DEVELOPING COUNTRIES IN EAST ASIA. AT THE SAME TIME, WE WILL PROMOTE MUTUALLY BENEFICIAL BILATERAL TRADE AND INVESTMENT.
- WE EXPECT CONTINUED COOPERATION WITH THE INDIVIDUAL COUNTRIES OF EAST ASIA AND EAGERLY AWAIT THE OPENING OF ECONOMIC CONSULTATIONS WITH THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS COMPRISED OF SINGAPORE, MALAYSIA, THAILAND, INDONESIA AND THE PHILIPPINES."

4. HOLBROOKE TOLD THE SUBCOMMITTEE THAT THE SECURITY ASSISTANCE THE UNITED STATES PROPOSED FOR THE REPUBLIC OF CHINA, SOUTH KOREA, INDONESIA, MALAYSIA, THE PHILIPPINES AND THAILAND WAS - " AN APPROPRIATE CONTRIBUTION TO THE PRESERVATION OF THE INDEPENDENCE OF THESE COUNTRIES AND TO REGIONAL STABILITY IN THE STILL UNCERTAIN POST VIETNAM PERIOD. "

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# INWARD CABLEGRAM

3-0.WH045621

5. WITH REGARD TO SOUTH KOREA HOLBROOKE SAID THAT SS OUR POLICY DECISIONS SHOULD BE MADE IN THE LIGHT OF OUR PRIMARY OBJECTIVE: TO MAINTAIN A DETERRENT THAT WILL ENSURE PEACE ON THE PENINSULA. HE ALSO SAID THAT THE UNITED STATES WAS "PARTICULARLY CONCERNED WITH RESTRICTIONS ON POLITICAL ACTIVITY WHICH HAVE LED TO THE ARREST OF MANY KOREAN CITIZENS VOICING PEACEFUL OPPOSITION TO THE PRESENT GOVERNMENT. WE WILL CONTINUE TO EXPRESS OUR CONCERN IN AUTHORITATIVE WAYS AND TO ENCOURAGE A HUMAN RIGHTS SITUATION CONSISTENT WITH NORMALLY ACCEPTED INTERNATIONAL STANDARDS. AT THE SAME TIME, WE BELIEVE IT WOULD BE A SERIOUS MISTAKE TO CUT BACK OUR LONG-STANDING ASSISTANCE TO THE SOUTH KOREAN ARMED FORCES SO THAT THESE FORCES CAN BETTER COPE WITH THE FORMIDABLE TASK OF PROTECTING THEIR COUNTRY AGAINST THE THREAT FROM THE NORTH. MOREOVER, MOST SOUTH KOREANS, INCLUDING DOMESTIC CRITICS OF THE GOVERNMENT, STRONGLY FAVOUR CONTINUATION OF US-KOREAN SECURITY TIES AND ASSISTANCE. IN BRIEF, WE WILL WORK FOR AN IMPROVEMENT IN SOUTH KOREA'S DEFENSIVE CAPABILITY WHILE PRESSING VIGOROUSLY FOR AN IMPROVEMENT IN THE HUMAN RIGHTS SITUATION."

6. IN THE CASE OF THE PHILIPPINES HOLBROOKE TOLD THE SUBCOMMITTEE THAT "OUR SECURITY TIES WITH THE PHILIPPINES AND OUR MILITARY FACILITIES THERE SERVE IMPORTANT US NATIONAL INTERESTS TODAY. THEY CONTRIBUTE SIGNIFICANTLY TO THE MAINTENANCE OF STABILITY IN SOUTHEAST ASIA AND TO OUR ABILITY TO KEEP VITAL SEA LANES OPEN IN THE EVENT OF HOSTILITIES. FINALLY, OUR BASES CONTRIBUTE TO OUR ABILITY TO MEET OUR OBLIGATIONS UNDER THE BILATERAL MUTUAL DEFENSE PACT WITH THE PHILIPPINE GOVERNMENT CONCLUDED IN 1951." ALTHOUGH HOLBROOKE SAID THAT "WE ARE OBVIOUSLY TROUBLED BY HUMAN RIGHTS ABUSES IN THE PHILIPPINES" HE STATED THAT "WE DON'T BELIEVE THAT SECURITY OR ECONOMIC ASSISTANCE SHOULD BE REDUCED BECAUSE OF THE HUMAN RIGHTS PROBLEM".

PRIME MINISTER  
FOREIGN MINISTER  
FOREIGN AFFAIRS  
MIN. AND DEPT. DEFENCE  
J.I.O.  
P.M. AND C.

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17  
DEPARTMENT OF FOREIGN AFFAIRS

INWARD CABLEGRAM

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ACTION: ASP

SEC DEPSECS EX MCO LA DDO FAS(SEP) SEA PNG FAS(NSA) NA SA FAS(WES)  
EUR FAS(DEF) DP DC HOCI FAS(IOC) IO FAS(PCR) INF FAS(ER) FAS(LT)  
FAS(MFS)



CONFIDENTIAL

CENTRAL DEPT. STRY  
D.F.A.

Nov 26 10 21 AM '76

INWARDS

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

In reply quote No. 1254/1

Memorandum No. FA. 1059

24 November 1976

*Phillip  
Copy pt*

The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T.

SINGAPORE : REACTION TO ELECTION OF  
PRESIDENT-ELECT CARTER

ENCLOSURES ATTACHED

*250/10/7/16*

In our memorandum 1056 we referred to comments made by Foreign Minister Rajaratnam to the visiting New Zealand Foreign Minister Talboys. We have now been passed a copy of the New Zealand High Commission's record of the .... Talboy's discussions, and enclose a copy of the relevant extract. You will note Mr Rajaratnam's apparent concern at the withdrawal of Western influence.

2. A copy of this memorandum, with attachment, has been sent to Washington.

*for* (C.A. Edwards)  
Deputy High Commissioner

CONFIDENTIAL



15  
United States

The conversation then turned to the new Administration in the United States. Mr Rajaratnam said that he was somewhat nervous about Mr Carter's attitude towards South-East Asia. Even Dr Kissinger had been rather prone to leave the region out of his thinking, but to judge from Mr Carter's election speeches South-East Asia seemed "very much on the fringe". His Foreign policy ideas seemed to revolve around Europe and his main advisers had a Europe-centred view of the world. Some, he said, were even arguing that South-East Asia was an area of no importance to the U.S. and should be left to the Chinese and Russians to fight over - then perhaps the Americans could step back again.

Mr Rajaratnam hoped that President Carter's foreign policy would be better balanced than Jimmy Carter's election speeches. Perhaps once he was in office the continuity of the American foreign policy machine would encourage him to enlarge his views. Singapore would be looking somewhat anxiously for signs of this. Without a more clearly thought out policy for South-East Asia than was at present apparent the U.S. would in effect be ceasing to be a truly global power, at a time when the Soviet Union was successfully asserting its claim to be one. The West had been steadily withdrawing - the British, Dutch and French, then the Americans, "even you are withdrawing", said Mr Rajaratnam rather confusedly - while the Soviet Union was visibly expanding its presence. Any loss of interest by the U.S. now could tilt the balance in the region willy-nilly towards the Soviet Union.

/Thailand

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14  
CENTRAL GOVERNMENT  
D.F.A.

CONFIDENTIAL

Nov 26 10 18 AM '76

AUSTRALIAN HIGH COMMISSION  
SINGAPORE

INWARDS

In reply quote No. 1254/1  
Memorandum No. FA. 105-6

Mr O'Sullivan  
Mr Kostlan 23 November 1976.

*Analysis  
Copy pl.*  
The Secretary,  
Department of Foreign Affairs,  
CANBERRA, A.C.T. 2600

SINGAPORE: REACTION TO ELECTION OF PRESIDENT-  
DESIGNATE CARTER

ENCLOSURES ATTACHED  
*for*

We have not been able to obtain any direct authoritative briefing from Singapore officials on the significance they attach to the election of Carter as the United States next President. We understand however, that Foreign Minister Rajaratnam, during a discussion with visiting New Zealand Foreign Minister Talboys made a point of Singapore's concern that Carter's concentration on the United States old allies, and the European orientation of many of his principle foreign policy advisers, could lead him to neglect South East Asia. A remark in a similar vein was made to us by Lee Khoo Choy, the Minister of State at the Foreign Ministry, during a brief discussion on a social occasion.

...  
2. We have already sent under cover of a personal letter a copy of the somewhat didactic message sent by Lee Kuan Yew to Mr Carter after his election. A further copy is attached for your convenient reference. You will note that Mr Lee calls for the United States to "help maintain a balance of great power interest in the Indian and Pacific Oceans and thereby contribute to the stability and development of the countries in the region".

3. In another public comment Mr Lee took a neutral stand. Speaking at a PAP function on 17 November he said "in America, we shall have to wait several months to know the mettle of the new President and the men he will appoint as his principle secretaries, especially the Secretary of State (Foreign Affairs) and Secretary for the Treasury (Financial and Economic Affairs). But already we know that economic recovery in America is not as good as forecast".

4. Regarding likely United States economic policies there have been indications that Singapore business and

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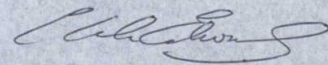


13  
CONFIDENTIAL

2.

government circles have some concern that the new President could be tempted to adopt protectionist policies in order to bolster America's own economic position. An American speaker at a recent seminar on the United States was questioned closely on this point, and individual businessmen have also commented on these lines to the commercial section of this mission.

5. A copy of this memorandum is being sent to Washington.



(C.A. Edwards)  
Deputy High Commissioner

CONFIDENTIAL



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S T

5-11-76

### **Lee sends S'pore's greetings to Carter**

**M**R. Lee Kuan Yew yesterday expressed confidence, in a congratulatory message to President-elect Jimmy Carter, that under his leadership, the United States would help maintain a balance of great power interests in the Indian and Pacific Oceans.

The Prime Minister said in his cable: "On behalf of the Government of Singapore, may I extend my congratulations to you on your election to the high office of President of the United States.

"Under your leadership, I am confident that the United States will help maintain a balance of great power interests in the Indian and Pacific Oceans, and thereby contribute to the stability and development of the countries in the region."



DEPARTMENT OF FOREIGN AFFAIRS

INWARD CABLEGRAM

O.SI14265 JS12/NS  
TOR 1346 19.10.76

O.SI14265 1100 19.10.76 CLA

TO.  
PP CANBERRA/9922

RP.  
RR WASHINGTON/66

FM. SINGAPORE / FILE 828/21/1 REF O.SI14229

S E C R E T

UNITED STATES USE OF SINGAPORE FACILITIES

I CALLED PANG TEE POW TODAY (19 OCTOBER) TO ASK WHETHER A DECISION HAD BEEN MADE ON OUR REQUEST PRIOR TO LEE KUAN YEW'S DEPARTURE FOR AUSTRALIA. PANG SAID HE HAD SENT A NOTE TO LEE BUT HAD NOT RECEIVED ANY RESPONSE. HE SAID THERE WERE "INDICATIONS" THAT LEE INTENDED TO RAISE THE MATTER DIRECTLY WITH MR FRASER DURING HIS VISIT.

...EDWARDS

FOREIGN AFFAIRS  
DEFENCE  
PM AND C

→ *AM Evans*

*gmc*  
*(P)*

ACTION: MR WILLIAMS

MR HENDERSON MR ROWLAND MR DUNN MR PARSONS MR PRICE MR WOODARD  
MR HICKEY MR LAWREY MR PERCIVAL MR DOUGLAS-SCOTT MR FERNANDEZ  
MR BRADY MR OSBORN MR WILSON MR MOTT

SECRET

SECRET

DEPARTMENT OF FOREIGN AFFAIRS  
OUTWARD CABLEGRAM

250/10/7/16

O.CH420611 SMM7/DJ

O.CH420611 1818 13.10.76 CLA

TO.  
PP SINGAPORE/5785

RP.  
RR WASHINGTON/692

FM. CANBERRA / FILE 696/7/4/2 REF O.SI14090

S E C R E T

UNITED STATES USE OF SINGAPORE FACILITIES  
FOR HIGH COMMISSIONER

2. THANKS YOUR HELPFUL SI14090.

3. WE WOULD NOW LIKE YOU TO SEEK AN URGENT CALL ON SINGAPORE PRIME MINISTER PRIOR TO HIS DEPARTURE FOR AUSTRALIA TO DISCUSS QUESTION OF U.S. USE OF TRANSIT FACILITIES IN SINGAPORE FOR AIRCRAFT EN ROUTE TO AND FROM THE INDIAN OCEAN. YOU SHOULD MAKE THE FOLLOWING POINTS:

- (A) AUSTRALIA WELCOMES SINGAPORE'S OFFER TO PERMIT THE UNITED STATES TO TRANSIT ITS MARITIME PATROL AIRCRAFT THROUGH SINGAPORE EN ROUTE TO AND FROM THE INDIAN OCEAN, SUBJECT TO APPROPRIATE ASSOCIATION WITH AUSTRALIA.
- (B) AUSTRALIA SEES SUCH FLIGHTS AS MAKING AN IMPORTANT CONTRIBUTION TO THE COMMON DEFENCE INTEREST AND WILL BE GLAD TO BE ASSOCIATED WITH THEM AS MR LEE HAS SUGGESTED.
- (C) THE AUSTRALIAN GOVERNMENT WOULD ASSIST THE UNITED STATES IN THESE FLIGHTS WITH FUNCTIONAL SUPPORT ALONG THE LINES OF YOUR SI14090.
- (D) AS FAR AS AUSTRALIAN IS CONCERNED ALL UNITED STATES FLIGHTS WOULD OF COURSE BE SUBJECT TO NORMAL DIPLOMATIC CLEARANCE BY THE SINGAPORE GOVERNMENT.
- (E) IF MR LEE AGREES WE WOULD APPRECIATE HIS FURTHER AGREEMENT TO PLANNING DISCUSSIONS WITH THE RSAF AND USN.

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DEPARTMENT OF FOREIGN AFFAIRS

**OUTWARD CABLEGRAM**

../2 0.CH420611

4. IF NECESSARY YOU SHOULD POINT OUT THAT IT WOULD BE IMPRACTICABLE TO PRESENT THESE U.S. FLIGHTS AS PART OF THE FIVE-POWER ARRANGEMENTS AS THIS WOULD IMPLY MALAYSIAN CONCURRENCE WHICH WE AND THE UNITED STATES EXPECT WOULD BE UNLIKELY TO BE FORTHCOMING. IN ANY EVENT WE SHALL NEED TO ADVISE THE MALAYSIANS OF THE ARRANGEMENTS. THEY WOULD SOON COME TO MALAYSIAN ATTENTION THROUGH THE IADS.) SHOULD MR LEE ASK ABOUT THE POSSIBILITY OF MORE FREQUENT USE OF TENGAH BY RAAF SURVEILLANCE AIRCRAFT YOU SHOULD SAY THAT WE HOPE RAAF LRMP AIRCRAFT MIGHT CONTINUE TO MAKE OCCASIONAL USE OF TENGAH. WE WOULD FACE DIFFICULTIES IN SIGNIFICANTLY INCREASING THEIR FREQUENCY HOWEVER. FURTHERMORE, GIVEN THE PROSPECT OF U.S. TRANSITS OF SINGAPORE INTO THE INDIAN OCEAN, OUR OWN EMPHASIS FOR AUSTRALIAN SURVEILLANCE HAS BEEN DIRECTED TOWARDS FLIGHTS WEST THROUGH COCOS. THUS PROVIDING FOR MORE ECONOMICAL USE OF U.S. AND AUSTRALIAN RESOURCES.

6. SHOULD YOU NOT BE ABLE TO ARRANGE TO DISCUSS THIS MATTER WITH LEE AT SUCH SHORT NOTICE WE WOULD BE GRATEFUL IF YOU COULD TAKE IT UP WITH THE HIGHEST POSSIBLE RELEVANT LEVEL IN THE SINGAPORE GOVERNMENT.

FOREIGN AFFAIRS  
DEFENCE  
PM AND C

ACTION: MR WILLIAMS

MR RENOUF MR ROWLAND MR HENDERSON MR DUNN MR PARSONS MR PRICE  
MR WOODARD, MR HICKEY MR LAWREY MR PERCIVAL MR DOUGLAS-SCOTT  
MR FERNANDEZ MR BRADY MR OSBORN MR WILSON MR MOTT

SECRET

SECRET

DEPARTMENT OF FOREIGN AFFAIRS  
**OUTWARD CABLEGRAM**

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The Hon (or Mr) [unclear]  
[unclear]  
(P)

O.CH411762 1505 22.9.76 CLA

O.CH411762 MM12/TMCG

TO.  
RR WASHINGTON/265

RP.  
RR SINGAPORE/5953

250/10/7/16

FM. CANBERRA / FILE 696/7/4/2 REF O.WH36643

C O N F I D E N T I A L

UNITED STATES AIRCRAFT TRANSIT FACILITIES: SINGAPORE

BEFORE PUTTING FIRM PROPOSALS TO MINISTERS CONCERNING OUR APPROACH TO THE SINGAPORE GOVERNMENT, WE WISH TO HAVE CLARIFICATION FROM THE UNITED STATES GOVERNMENT CONCERNING THE ASSOCIATION AUSTRALIA MIGHT HAVE WITH THE PROPOSED UNITED STATES TRANSIT FLIGHTS THROUGH SINGAPORE.

2. LEE'S SUGGESTION THAT THE FLIGHTS BE PRESENTED AS PART OF THE "FIVE-POWER AIR DEFENCE AGREEMENT" APPEARS IMPRACTICAL. IT WOULD IMPLY MALAYSIAN CONCURRENCE WHICH IS UNLIKELY TO BE FORTHCOMING - A POINT RECOGNISED BY THE UNITED STATES.

3. WE CONSIDER THAT TO PROVIDE THE NECESSARY NEXUS BETWEEN THE US AND SINGAPORE IT WILL BE DESIRABLE FOR US TO GIVE SOME FUNCTIONAL SUPPORT TO THE FLIGHTS. EXCLUSIVELY DIPLOMATIC SUPPORT WOULD NOT APPEAR TO SUFFICE. LEE MAY WELL HAVE IN MIND AN ARRANGEMENT SUCH AS IS FOLLOWED AT SEMBAWANG DOCKYARD. THERE TWO BERTHS AND THE NAVAL OIL FUEL INSTALLATION ARE CONTROLLED BY THE BRITISH, WHO ALLOCATE BOOKINGS FOR THE BERTHS AND ARRANGE REFUELLING FOR UNITED STATES NAVY SHIPS AS WELL AS AUSTRALIAN AND NEW ZEALAND VESSELS. THUS SINGAPORE AUTHORITIES ARE OSTENSIBLY RELIEVED OF INVOLVEMENT IN THESE TASKS.

4. PRIME RESPONSIBILITY FOR THE FLIGHTS WOULD NECESSARILY REMAIN WITH SINGAPORE. TENGAH AIRFIELD IS A SINGAPORE ARMED FORCES BASE, WHERE DIPLOMATIC CLEARANCES FROM THE SINGAPORE GOVERNMENT ARE REQUIRED FOR ALL TRANSITS BY FOREIGN AIRCRAFT, INCLUDING AUSTRALIAN.

5. HOWEVER THE RAAF SUPPORT UNIT AT TENGAH COULD BE USED TO MAKE ARRANGEMENTS ANALOGOUS TO THOSE MADE BY THE BRITISH AT SEMBAWANG DOCKYARD. IT NEEDS TO BE CLEAR, HOWEVER THAT THE RAAF UNIT IS AN ADMINISTRATIVE SUPPORT GROUP WHICH HAS NO TECHNICAL SERVICING ROLE. (THE MIRAGE ELEMENT DETACHED TO TENGAH FROM BUTTERWORTH HAS NO CAPABILITY FOR SERVICING OTHER THAN ITS OWN FIGHTERS.)

6. WE WOULD LIKE YOU TO PUT TO THE US AUTHORITIES THAT TO PROVIDE ANY REQUIRED FUNCTIONAL NEXUS WE WOULD BE WILLING TO USE THE RAAF SUPPORT UNIT AT TENGAH (AUGMENTED AS REQUIRED) TO UNDERTAKE THE GENERAL HANDLING OF THE AIRCRAFT, EMBRACING PROVISION OF NON-

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DEPARTMENT OF FOREIGN AFFAIRS

OUTWARD CABLEGRAM

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SPECIALIZED AIR MOVEMENT FACILITIES, CLEARANCE THROUGH CUSTOMS AND IMMIGRATION FORMALITIES, AND ARRANGEMENTS FOR REFUELLING AND CREW BRIEFINGS.

7. WE WOULD HOPE THAT THE US WOULD MAKE THEIR OWN ARRANGEMENTS FOR OVERNIGHT ACCOMMODATION OFF BASE BUT THE RAAF SUPPORT UNIT COULD, IF THE US WISHED, PROVIDE TRANSPORT FOR US CREWS BETWEEN THE AIRFIELD AND US ACCOMMODATION.

8. 

9. SHOULD THE US AUTHORITIES HAVE IN MIND THAT WE PROVIDE OTHER SPECIFIC SERVICES, THESE COULD BE CONSIDERED. WE ARE HOWEVER ANXIOUS NOT TO BECOME COMMITTED TO ANY MAJOR AUGMENTATION OF OUR UNIT IN SINGAPORE. WE SHOULD, OF COURSE, BE WILLING TO CONSIDER ANY US PROPOSAL FOR CO-LOCATION WITH THE RAAF SUPPORT UNIT OF US PERSONNEL OF US LOCAL EMPLOYEES IF THIS IS ACCEPTABLE TO THE SINGAPORE AUTHORITIES.

10. PLEASE APPROACH DEPARTMENT OF DEFENCE AND STATE DEPARTMENT FOR AN EARLY DECISION CONCERNING THEIR REQUIREMENTS.

11. TO ALLOW US TO PRESENT A COMPLETE PROPOSAL TO MINISTERS AND THEREAFTER THE SINGAPORE AUTHORITIES, WE SHALL NEED TO KNOW THE FINAL US PROPOSALS ON THE NUMBERS AND FREQUENCY OF AIRCRAFT THAT THE OPERATIONS WILL ENTAIL. PLEASE ALSO SEEK THIS INFORMATION.

12. FOR SINGAPORE: FOR YOUR INFORMATION ONLY AT THIS STAGE.

PRIME MINISTER\*\*\*  
FOREIGN MINISTER  
FOREIGN AFFAIRS  
MIN AND DEPT DEFENCE  
JIO  
PM AND C

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CONFIDENTIAL

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DEPARTMENT OF FOREIGN AFFAIRS  
OUTWARD CABLEGRAM

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CONFIDENTIAL

ACTION: DP

SEC DEPSECS EX MCO FAS(SEP) SEA FAS(WES) ASP EUR FAS(DEF) DC  
HOCI FAS(PCR) FAS(MFS)

LONDON



② - 250/10/7/16  
250/11/17

on 11/11/16  
sub 1/11/16  
the 1/11/16  
② 5

DEPARTMENT OF FOREIGN AFFAIRS  
OUTWARD CABLEGRAM

O.CH395554 2145 13.8.76 CLA O.CH395554 NMS13/DJ

TO.  
RR WASHINGTON/9379

FM. CANBERRA / FILE 697/8/2/3 REF O.WH36128

C O N F I D E N T I A L

UNITED STATES AIRCRAFT : TRANSIT FACILITIES SINGAPORE

WE ASSUME THAT YOU WILL ALSO BE SEEKING STATE DEPARTMENT  
VIEWS ON THIS MATTER.

PRIME MINISTER  
FOREIGN MINISTER  
FOREIGN AFFAIRS  
MIN AND DEPT DEFENCE  
JIO  
PM AND C

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CONFIDENTIAL

ACTION: DP

SEC DEPSECS EX FAS(SEP) FAS(NSA) FAS(WES) ASP FAS(DEF) DC HOCI  
FAS(MFS)

250/10/7/16  
250/11/17

4  
on 6/11/17  
of 11/17  
(P)

DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM

O.WH36341 DKMI/GA  
TOR 0911 14.8.76

O.WH36341 1758 13.8.1976 CLA

TO.  
RR CANBERRA/9145

FM. WASHINGTON/ REF O.CH395554

C O N F I D E N T I A L

UNITED STATES AIRCRAFT : TRANSIT FACILITIES SINGAPORE.

WE HAVE BEEN IN TOUCH WITH BOTH PENTAGON AND STATE DEPARTMENT  
AND HAVE BEEN PROMISED FURTHER ADVICE OF UNITED STATES VIEWS  
NEXT WEEK.

PRIME MINISTER  
FOREIGN MINISTER  
FOREIGN AFFAIRS  
MIN AND DEPT DEFENCE  
HIO  
PM AND C

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CONFIDENTIAL

ACTION: DP

SEC DEPSECS EX FAS(SEP) FAS(NSA) FAS(WES) ASP FAS(DEF) DC HOCI  
FAS(MFS)



## INWARD CABLEGRAM

**AUSTEO**O.MN9328 SGP4/DAE  
TOR 1840 24.6.76

O.MN9328 1400 24.6.76 CLA AUSTEO

TO.  
RR CANBERRA/7357RP.  
RR WASHINGTON/121

FM. MANILA / FILE 227/3/2 REF O.MN9256

C O N F I D E N T I A L

NEGOTIATIONS ON U.S. BASES

WE HAD A USEFUL DISCUSSION WITH U.S. STATE DEPARTMENT PHILIPPINES COUNTRY DIRECTOR, BEN FLECK, OVER DINNER ON 23 JUNE. FLECK HAD BEEN HERE FOR THE FIRST TWO WEEKS OF NEGOTIATIONS AT BAGUIO AND IS DUE TO RETURN TO WASHINGTON TODAY.

2. FLECK WAS NOT PREPARED TO GIVE US, NOR DID WE PRESS HIM FOR, DETAILS OF EITHER THE U.S. OR PHILIPPINE NEGOTIATING POSITIONS. WHAT HE DID SAY WAS HOWEVER ENTIRELY CONSISTENT WITH OUR EARLIER IMPRESSIONS THAT THERE ARE WIDE AREAS OF DISAGREEMENT. CERTAINLY THE AMERICANS ARE DEPRESSED AT THE INITIAL UNCOMPROMISING ATTITUDE OF THE PHILIPPINE PANEL.

3. FLECK WAS ABLE TO CLEAR UP THE CONFLICTING REPORTS WE HAVE HEARD AS TO WHETHER ROMULO PRESENTED THE TEXT OF THE PHILIPPINE NEGOTIATING POSITION IN WASHINGTON IN APRIL. FLECK SAID ROMULO HANDED OVER A STATEMENT IN PRINCIPAL, BUT THAT THE ACTUAL NEGOTIATING POSITION WAS NOT HANDED OVER TO THE AMERICAN SIDE UNTIL THE DAY BEFORE THE BAGUIO TALKS BEGAN IN JUNE.

4. FLECK SAID THE PHILIPPINE POSITION ON ALL THE MAJOR ISSUES IS VERY TOUGH. THE MOST DISTURBING ELEMENT WAS THEIR INSISTENCE ON REDUCING THE ISSUES TO A 'COMMERCIAL LEVEL' AND THEIR WILLINGNESS TO IGNORE THE FACT THAT THE U.S. WAS AN ALLY AND FRIEND AND THAT A MUTUAL DEFENCE TREATY EXISTED. FLECK ACKNOWLEDGED THAT THE FILIPINOS HAD DECLARED THE MUTUAL DEFENCE TREATY HAD BEEN 'ABROGATED' BUT HE WAS STILL PUZZLED ABOUT THE TREATY'S LEGAL (UNDERLINE ONE) STATUS. THE AMERICAN SIDE HAD RECEIVED NO FORMAL NOTIFICATION THAT IT HAD BEEN ABROGATED.

5. FLECK ACKNOWLEDGED THAT THE PHILIPPINE PANEL WAS SEEKING A SIMILAR LEVEL OF COMPENSATION FOR U.S. USE OF THE BASES AS SPAIN AND TURKEY. THE POINT THE FILIPINOS CHOSE TO IGNORE HOWEVER WAS THAT SPAIN AND TURKEY 'WERE NOT ALLIES AND HAD TO BE BOUGHT OFF', SOMETHING THAT SHOULD NOT HAVE TO APPLY TO THE PHILIPPINES.

6. FLECK CONFIRMED THAT THE U.S. WOULD BE WILLING TO MEET THE

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## INWARD CABLEGRAM

**AUSTEO**

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FILIPINO DEMAND THAT UNUSED PORTIONS OF THE BASES BE RETURNED TO PHILIPPINE CONTROL FOR ECONOMIC DEVELOPMENT. HOWEVER, THE PHILIPPINES HAD MADE THEIR DEMAND PARTICULARLY TOUGH BY REQUESTING THE AMERICANS TO PAY FOR THE INDUSTRIAL DEVELOPMENT OF PORTIONS SO RELEASED, AND THAT SUCH DEVELOPMENT HAD TO BE IN LINE WITH THE PHILIPPINES' OVERALL ECONOMIC DEVELOPMENT PROGRAMS.

7. FLECK SEES NO WAY IN WHICH THE TALKS CAN COME TO A CONCLUSION BY AUGUST AS EARLIER PREDICTED BY GENERAL ROMULO. HE SAID THAT AMBASSADOR ROMUALDEZ HAD ASKED HIM TO TELL THE PHILIPPINES DCI IN WASHINGTON NOT TO EXPECT ROMUALDEZ BACK 'BEFORE SIX MONTHS'.

## COMMENT.

8. FLECK'S REMARKS INDICATE THAT WHEREAS THE AMERICANS CONTINUE TO PLACE A GREAT DEAL OF EMPHASIS ON THE DEFENCE TREATY AND HISTORICAL AND SENTIMENTAL LINKS BETWEEN THE TWO COUNTRIES, THE PHILIPPINES, AT LEAST FOR THE MOMENT, DOES NOT WISH TO VIEW THE BILATERAL RELATIONSHIP IN THIS MANNER, OR TO SEE THEMSELVES AS UNDER ANY HISTORICAL 'OBLIGATION' TO THE UNITED STATES.

9. IN A CONVERSATION WITH THE AMBASSADOR ON 20 JUNE, DFA UNDER-SECRETARY COLLANTES CONFIRMED THAT THE BAGUIO DISCUSSIONS HAD BECOME VERY TENSE. HE SAID THAT IT WAS UP TO THE AMERICANS TO MAKE THE COMPROMISE. THE PHILIPPINES HAD INFORMED THEM THAT THEY HAD ABROGATED THE TREATIES AND IT WAS NOW UP TO THE AMERICANS TO FACE REALITIES. IN ANOTHER DISCUSSION, GENERAL ROMULO TOLD THE AMBASSADOR THAT IT SEEMED AT PRESENT THAT A FINAL RECONCILIATION MIGHT HAVE TO BE LEFT TO KISSINGER AND HIMSELF.

PRIME MINISTER  
FOREIGN MINISTER  
MINISTER FOR DEFENCE  
MR HENDERSON  
SIR ARTHUR TANGE  
MR JOCKEL  
MR YEEND

**AUSTEO**

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DEPARTMENT OF FOREIGN AFFAIRS  
INWARD CABLEGRAM  
**AUSTEO**

3- 0.MN9328

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ACTION: MR JOSEPH/MR PERCIVAL

MR HENDERSON MR PARSONS MR FERNANDEZ MR MILLER MR LYON  
MR SADLER MR OSBORN MISS MCPHERSON MR WILSON MR ROBERTSON  
MR DALRYMPLE MR EVANS

**AUSTEO**